

# BIRMINGHAM

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE  
CITY OF BIRMINGHAM, ALABAMA

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2010

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



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**J. Thomas Barnett, Jr.**  
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**City of Birmingham, Alabama  
Comprehensive Annual Financial Report  
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Comprehensive Annual Financial Report  
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## **INTRODUCTORY SECTION**

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





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# CITY OF BIRMINGHAM

## DEPARTMENT OF FINANCE

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DEPUTY DIRECTOR

**BARBARA D. MCGRUE**  
DEPUTY DIRECTOR

October 14, 2010

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

The City of Birmingham's Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2010, is hereby submitted. This report represents the official comprehensive publication of the City's financial position at June 30, 2010. Responsibility for the accuracy, completeness, and fairness of the data, including all disclosures, rests with management of the City of Birmingham. The basis of reliance for the financial statements is a comprehensive framework of internal control; because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the statements are free of any material misstatements.

In compliance with the City's Mayor-Council Act, the submitted financial statements were subjected to an independent audit. Hullet, Kellum & McKinney, PC have issued an unqualified opinion on the City of Birmingham's financial statements for the year ended June 30, 2010. Their report is located at the front of the financial section of the CAFR.

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

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

## CITY PROFILE AND REPORTING ENTITY

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

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

## ECONOMIC CONDITIONS AND OUTLOOK

While much of the nation seems to be in a slow recovery from the economic recession of the past few years, new development in the City of Birmingham indicates a faster return to a stable economy when compared to neighboring cities and states. Birmingham's diverse economy, once highly dependent on the iron and steel industry, benefits today from a range of projects that are planned, under construction and recently completed. These projects increase tax revenues and provide jobs which will continue to have a positive impact on the Birmingham-Hoover Metro area unemployment rate, which dropped slightly to 8.9% in August, 2010, as compared to the State of Alabama's average unemployment figure of 9.2%.

The University of Alabama at Birmingham (UAB), Alabama's largest employer, remains a major factor in the City's progress to recovery, with construction of several major projects continuing, and significant projects completed in the past year. The recently opened Women and Infants Center on the UAB campus provides a new hospital specializing in women's healthcare services, and premature and newborn infant care. The general hospital sector of Birmingham's economy remains strong, not only with new development at UAB's Medical Center, but also with a \$570 million expansion underway at Birmingham's Children's Hospital; St. Vincent's Hospital's expansion at its Southside campus and at St. Vincent's East; construction of new surgical suites at Princeton Baptist Medical Center; and the granting of a Certificate of Need to Trinity Medical Center that will enable the longtime Montclair Road facility to relocate and expand to a new facility on Highway 280.

Birmingham's banking sector remains strong, highlighted by the recent addition of Wells Fargo through its acquisition of Wachovia. A number of medium-sized and smaller banks also continue to do well through aggressive new customer recruitment activities which are based in large part on the recent upswing in commercial activity in the City.

Major construction activity can be found throughout the City. A natatorium and indoor track facility nears completion at Fair Park, located approximately 4 miles to the west of the City Center in a neighborhood that remains the most densely populated in the state. With the completion of these first-class athletic facilities, the City will turn its economic development efforts to the recruitment of new retail businesses that will locate on adjacent city-owned property.

Sustainability of neighborhoods and providing retail shopping opportunities throughout the City is vitally important to the growth of Birmingham's economy. Recently, through creative incentive packages, the City has worked with a major grocery chain to address a shortfall of grocery stores in some areas. This ongoing focus on neighborhood retail shopping venues has resulted in a new full service grocery store which will open in early November in a previously underserved area of the City, as well as heightened interest by developers to work with the City to place retail stores in other neighborhood locations.

In the City Center, more than 4000 residents live in the "loft district," which was made even more attractive by the City's new Railroad Reservation Park, a 19 acre "green space" located within an easy walk of the Central Business District and UAB. The park features an elevated walking track, lakes, playgrounds and other family entertainment venues. The new vitality in the City Center has also brought a substantial number of new eateries and other developments to locations throughout the downtown area, to include the upcoming \$60 million restoration of the former Pizitz department store. For many years, Pizitz was a part of a vibrant downtown shopping area, but the store was closed and fell into disrepair years ago as suburban shopping malls replaced large downtown department stores throughout the country. With assistance from an incentive package negotiated with the City, the building will be restored to its former grandeur as the home of a major Birmingham law firm, a leading architectural firm, a restaurant and neighborhood grocery, and other tenants to be announced soon. Another major project that will be completed in 2010 is the "Cityville" development, a 255 unit apartment complex with ground floor retail. Located in downtown Birmingham's geographic center, Cityville will be the home of a substantial new population of residents, further enhancing the development of City Center retail.

Discussions of a new minor league baseball stadium have moved from a "concept" to the early phases of a property acquisition study in a six to eight block area neighboring the Railroad Reservation Park. With a new stadium, to be funded through an increased lodging tax in the City, professional baseball at the double-A, or higher, level will return to the City after a 20 year absence. Also, a planned Westin Hotel and entertainment district adjacent to the Birmingham-Jefferson Convention Complex (BJCC) should begin to welcome new patrons in 2012. The new hotel will bring hotel room availability in the immediate BJCC area to more than 1000, a convention and tourism industry standard required to attract larger trade shows and conventions.

Working to protect the environment of the city, state and region has begun to receive an even more important emphasis during the past year. Birmingham was host for the second straight year to the Green Building Focus Conference, held at the BJCC, and attended by thousands of developers, architects, contractors, government officials and elementary, high school and college students who learned from an array of domestic and international speakers on topics related to sustainable development. The City also expects to begin programs by the end of the year that will bring stringent new practices of environmental stewardship to City-owned buildings and properties, and, an awards structure whereby private developers and business owners will find a level of recognition and, possibly, financial participation from the City in new and refurbished buildings built to measurable standards.

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

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award presented to state and local governments for publishing an easily readable and efficiently organized CAFR whose contents conform to program standards and complies with generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a period of one year. The City of Birmingham has received the award for the last 33 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

Additionally, the City of Birmingham's budget report for the fiscal year beginning July 1, 2009, was awarded the Government Finance Officer's Association Award for Distinguished Budget Presentation. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The City believes its current budget report also meets the above criteria, and we have submitted it to the GFOA for consideration.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Thomas Barnett, Jr.", written in a cursive style.

J. Thomas Barnett, Jr.  
Finance Director

# 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, 2009

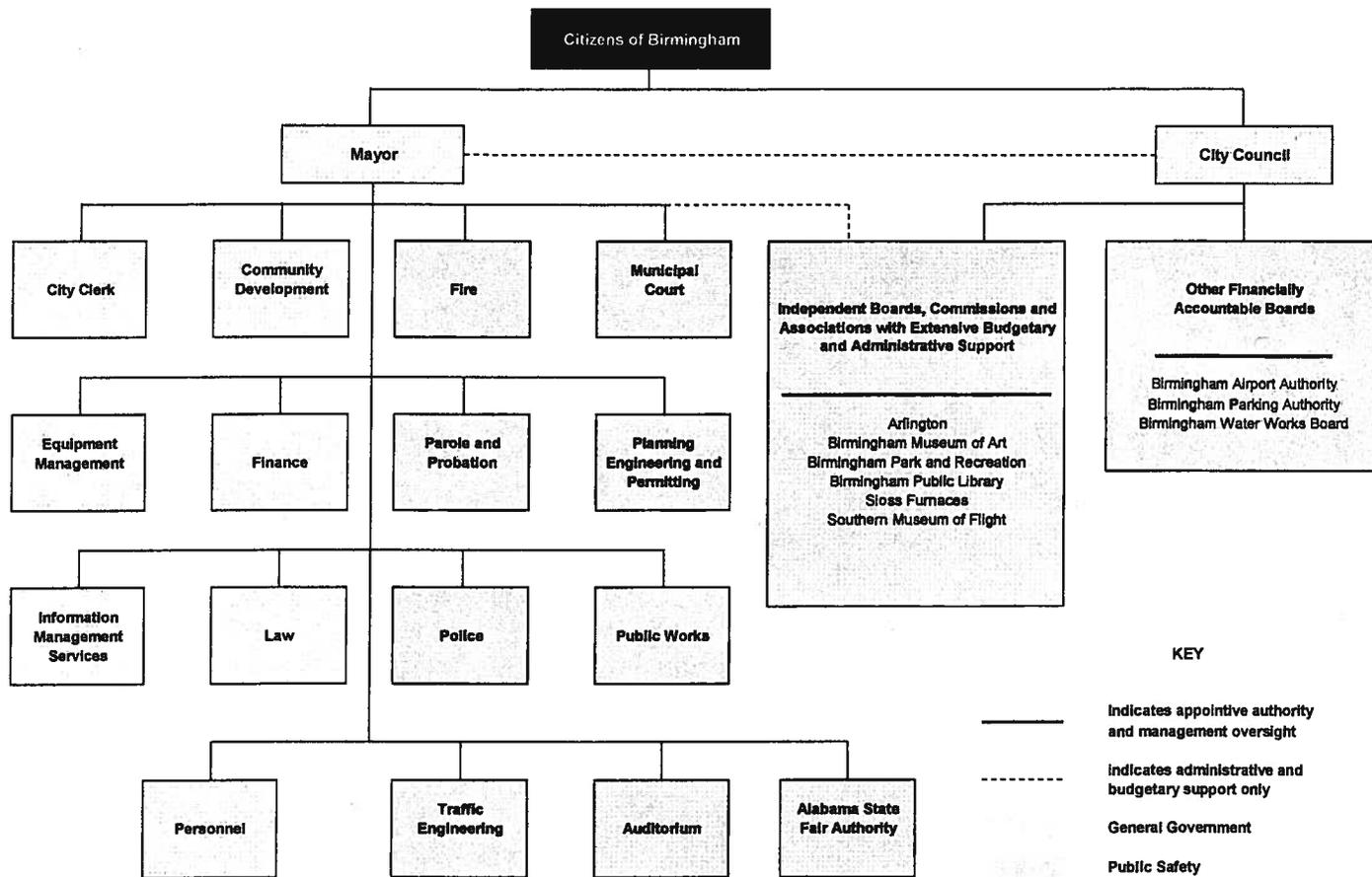
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Birmingham, Alabama Organization Chart



**KEY**

————— Indicates appointive authority and management oversight

- - - - - Indicates administrative and budgetary support only

General Government

Public Safety

Culture & Recreation

Other Financially Accountable Boards



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# **FINANCIAL SECTION**

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





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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and the respective budgetary comparison for the General Fund of the City of Birmingham, Alabama ("the City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Birmingham Parking Authority and the Birmingham Airport Authority, which represents 35.6 percent, 66.5 percent and 13.3 percent, respectively, of the assets, net assets, and revenues of the City. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Birmingham Parking Authority and Birmingham Airport Authority, is based on the reports 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 opinions.

In our opinion, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and the respective budgetary comparison for the General Fund of the City as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial

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

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

*Hallett, Kellum & McKinney PC*

October 14, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the financial activities of the City of Birmingham for the fiscal year ended June 30, 2010, is offered by management of the City to the readers of the financial report. Please read it in conjunction with the letter of transmittal presented on pages 2-6 and the financial statements beginning on page 21.

### Financial Highlights

- Total net assets for the City of Birmingham decreased by \$72 million during the past fiscal year.
- The assets of the City of Birmingham exceeded its liabilities at the close of June 30, 2010, by \$178 million.
- The City of Birmingham's governmental funds reported combined ending fund balances of \$307 million as of June 30, 2010, a decrease of \$58 million over the prior fiscal year (including prior period adjustment).
- Unreserved, undesignated fund balance at June 30, 2010, for the City's general fund was \$92 million, 23.5% of total general fund expenditures.

### Overview of Financial Statements

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

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

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

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

The *statement of activities* presented on page 23 shows the changes in the City of Birmingham's net assets during the fiscal year ended June 30, 2010. This statement is prepared on the full accrual basis of accounting meaning that all changes to net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

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

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

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

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

In fiscal year 2010, the City of Birmingham reported as major funds the General Fund, the Birmingham Fund, the Debt Reserve and Debt Service Funds, and the Capital Improvement Fund. The other City funds are reported aggregately as non-major funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found beginning with pages 67 and 72 of this report.

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

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

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

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

Other required supplementary information is also presented in this report concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in the notes to the financial statements for the pension funds beginning on page 51 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**

	<b>Government-wide Financial Statements</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
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"> <li>•Statement of net assets</li> <li>•Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>•Balance sheet</li> <li>•Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of net assets</li> <li>•Statement of revenues, expenses, and changes in net assets</li> <li>•Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>•Statement of fiduciary net assets</li> <li>•Statement of changes in fiduciary net assets</li> </ul>
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"> <li>•Revenues for which cash is received during or soon after the end of the year</li> <li>•Expenditures when goods or services have been received and payment is due during the year or soon thereafter</li> </ul>	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

## Government-Wide Condensed Financial Information

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

The City of Birmingham's restricted net assets of approximately \$157 million are subject to bond and warrant covenants and by federal and state grant requirements. Overall, the City's total net assets decreased by approximately \$72 million in fiscal year 2010. For additional details on the reconciliation between the two basis, see page 27 of this report.

There was a decrease in net assets of \$419,000 in the Emergency Management Communication District, the City's enterprise fund. This was due mainly to increased administrative costs.

The following table presents a condensed statement of the City's net assets at June 30, 2010 and 2009:

Table 2

**CONDENSED STATEMENT OF NET ASSETS**  
**June 30, 2010 and 2009**  
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	<u>06/30/10</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/09</u>
Current and other assets	\$389,963	517,969	1,987	(1,164)	391,950	516,805
Capital assets, net	<u>382,446</u>	<u>382,963</u>	<u>855</u>	<u>1,022</u>	<u>383,301</u>	<u>383,985</u>
<b>Total assets</b>	<u>772,409</u>	<u>900,932</u>	<u>2,842</u>	<u>(142)</u>	<u>775,251</u>	<u>900,790</u>
 Current and other liabilities	 82,746	 73,481	 3,509	 3	 86,255	 73,484
Long-term liabilities	<u>511,268</u>	<u>585,710</u>	<u>          </u>	<u>          </u>	<u>511,268</u>	<u>585,710</u>
<b>Total liabilities</b>	<u>594,014</u>	<u>659,191</u>	<u>3,509</u>	<u>3</u>	<u>597,523</u>	<u>659,194</u>
 Net assets:						
Invested in capital assets, net of related debt	72,325	65,727	855	1,022	73,160	66,749
Restricted	157,454	264,602			157,454	264,602
Unrestricted	<u>(51,384)</u>	<u>(88,588)</u>	<u>(1,522)</u>	<u>(1,167)</u>	<u>(52,906)</u>	<u>(89,755)</u>
<b>Net assets</b>	<u>\$178,395</u>	<u>241,741</u>	<u>(667)</u>	<u>(145)</u>	<u>177,728</u>	<u>241,596</u>

**CONDENSED STATEMENT OF CHANGES IN NET ASSETS**  
**For Years Ended June 30, 2010 and 2009**  
(in thousands)

**Changes in Net Assets**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>6/30/10</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/09</u>
REVENUES:						
Program revenues:						
Charges for services	\$107,823	116,419	4,517	3,447	112,340	119,866
Operating grants	20,958	15,094			20,958	15,094
General revenues:						
Sales and use tax	127,197	131,904			127,197	131,904
Occupational tax	73,008	76,325			73,008	76,325
Property tax	56,699	61,663			56,699	61,663
Unrestricted grants and contributions	23,730	26,060			23,730	26,060
Investment earnings	8,233	(4,201)	1	15	8,234	(4,186)
Other	7,145	8,407			7,145	8,407
Total revenues	<u>424,793</u>	<u>431,671</u>	<u>4,518</u>	<u>3,462</u>	<u>429,311</u>	<u>435,133</u>
EXPENSES:						
Program expenses:						
General government	163,581	121,554			163,581	121,554
Public safety	210,132	169,083	4,937	4,044	215,069	173,127
Streets and sanitation	59,822	121,848			59,822	121,848
Culture and recreation	41,907	36,132			41,907	36,132
Interest on long-term debt	21,473	25,381			21,473	25,381
Total expenses	<u>496,915</u>	<u>473,998</u>	<u>4,937</u>	<u>4,044</u>	<u>501,852</u>	<u>478,042</u>
Increase (Decrease) in net assets	(72,122)	(42,327)	(419)	(582)	(72,541)	(42,909)
Beginning net assets- as originally reported	241,742	284,068	(145)	437	241,597	284,505
Prior period adjustment	8,775		(103)		8,672	
Beginning net assets- as restated	<u>250,517</u>	<u>-</u>	<u>(248)</u>	<u>-</u>	<u>250,269</u>	<u>-</u>
Ending net assets	<u>\$178,395</u>	<u>241,741</u>	<u>(667)</u>	<u>(145)</u>	<u>177,728</u>	<u>241,596</u>

As shown in this table, the City's revenues from its governmental activities decreased by \$6.8 million, or a 1.6% decline, from fiscal year 2009. Tax revenues declined from the prior fiscal year.

Expenditures increased approximately \$23 million from fiscal year 2009, or a 5% increase; the largest components of this increase was due to much needed repairs and maintenance on the City's infrastructure and higher personnel costs.

The business-type activity's expenditures increased \$893,000 while the user fees increased \$1,070,000. An increase in user fees is being considered in order to cover the expenses of the District.

### **Fund Analysis**

Changes in fund balances for the City's major governmental funds for the fiscal year ended June 30, 2010, are as follows:

	Beginning Balance	Prior Period Adjustment	Increase (Decrease)	Ending Balance
General Fund	\$94,781	\$1,948	\$ (4,449)	\$ 92,280
Birmingham Fund	73,447		3,619	77,066
General Bond Debt Reserve	39,722		359	40,081
General Bond Debt Service	453		(2,592)	(2,139)
Capital Improvement Fund	62,619		(45,185)	17,434
	<u>\$271,022</u>	<u>\$1,948</u>	<u>\$ (48,247)</u>	<u>\$224,722</u>

### Governmental Funds

The focus of the reporting of the City's governmental funds is to provide information regarding 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.

The fund balance of the General Fund decreased mainly due to a decline in economically sensitive tax revenues and higher personnel costs. The Capital Improvement Fund decreased primarily due to transfers to the General Fund and increased miscellaneous general construction projects performed during the current year.

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

### Budget Variances in the General Fund

During the fiscal year, revisions were made to the original budget adopted by the City due to changes in projected revenues. Amendments were also made in the projected expenditures.

## **Capital Assets and Long-Term Debt Activity**

### Capital Asset Activity

At June 30, 2010, the City of Birmingham reported approximately \$383 million in net capital assets, including its infrastructure, for governmental activities. The City's Emergency Management Communication District reported approximately \$855,000 in net capital assets. The notes to the financial statements on pages 45 and 46 provide more information on capital assets including the changes that occurred during the fiscal year.

### Long-term Debt Activity

At June 30, 2010, the City of Birmingham had approximately \$474 million of outstanding debt for its bonds and warrants; of this amount, approximately \$445 million is considered long-term. The notes to the financial statements on pages 47-49 include additional details for the City's long-term debt activity.

The City's bond ratings are AA, Aa2, and AA- by Standard & Poor's, Moody's, and Fitch respectively. The City's broad and diverse economy as well as its consistent strong financial performance are the basis for these ratings.

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

## **Economic Factors Affecting the City of Birmingham and the 2011 Budget Information**

Birmingham has not been immune from the economic slowdown that has strained the budgets of neighboring municipalities and most American cities. While the City can't control larger outside forces that direct the nation's and region's economies, through sound fiscal management we have been able to control how Birmingham adapts to the changes.

The City considered several factors in preparing the City's budget for the 2011 fiscal year such as:

- The U.S. economy continues to feel the effects of the most difficult economic period since the 1930's. Rising unemployment, the housing crisis, turmoil in the financial markets and the lowest consumer price index numbers in almost 30 years present challenges to all governments.
- The general climate of the economy has an adverse impact on State and Local economies. Because much of the City's revenue is consumer driven (Sales, Use, Occupational & Business License taxes), the above mentioned circumstances translate into reduced revenues for our city.

The City is able to meet its obligations and maintain quality services for its citizens in spite of budgetary challenges caused by the sluggish economy. The City continues to develop both short and long range strategies to achieve fiscal stability and effectively address the future financial position of the City.

**Request for Information**

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

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

# **Basic Financial Statements**

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**City of Birmingham, Alabama**  
**Statement of Net Assets**  
**June 30, 2010**  
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
<b>CURRENT ASSETS:</b>				
Unrestricted assets:				
Cash and investments	\$ 296,274	\$ 1,717	\$ 297,991	\$ 27,973
Cash with escrow agent	1,952	-	1,952	-
Receivables:				
Accrued interest	1,016	-	1,016	-
Accrued taxes receivable	25,305	-	25,305	-
Accounts (net of uncollectibles)	12,236	270	12,506	896
Notes (net of uncollectibles)	611	-	611	-
Loans	3,767	-	3,767	-
Due from other government	1,136	-	1,136	452
Special assessments	10,651	-	10,651	-
Internal balances	3,482	-	3,482	-
Inventories	1,388	-	1,388	-
Prepaid items	253	-	253	394
Due from component unit	1,203	-	1,203	-
Other current assets	464	-	464	-
Restricted assets:				
Cash and cash equivalents	-	-	-	10,991
Investments	-	-	-	5,915
Accounts and grants receivable	-	-	-	1,399
Accrued interest receivable	-	-	-	13
<b>NONCURRENT ASSETS:</b>				
Other assets:				
Deferred charges	24,025	-	24,025	1,232
Net pension asset	6,200	-	6,200	-
Capital assets:				
Land	156,088	-	156,088	129,695
Buildings and capital facilities	183,588	1,025	184,613	106,263
Furniture and other equipment	165,826	2,349	168,175	15,443
Accumulated depreciation	(213,162)	(2,519)	(215,681)	(74,942)
Infrastructure	187,080	-	187,080	193,181
Accumulated depreciation, infrastructure	(119,599)	-	(119,599)	(65,977)
Construction in progress	22,625	-	22,625	74,933
<b>Total Assets</b>	<b>772,409</b>	<b>2,842</b>	<b>775,251</b>	<b>427,861</b>

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

**City of Birmingham, Alabama**  
**Statement of Net Assets**  
**June 30, 2010**  
**(in thousands)**

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
<b>Liabilities</b>				
<b>CURRENT LIABILITIES:</b>				
Payable from unrestricted assets:				
Accounts and vouchers payable	21,303	25	21,328	1,085
Contracts payable - retainage	1,070	-	1,070	-
Accrued payroll and payroll taxes payable	16,144	2	16,146	130
Internal balances	-	3,482	3,482	1,203
Estimated claims payable	1,696	-	1,696	-
Other liabilities	2,581	-	2,581	-
Deferred revenue	-	-	-	34
Interest payable	3,573	-	3,573	-
Capitalized leases	6,516	-	6,516	-
Compensated absences	1,158	-	1,158	-
Bonds and warrants payable	28,705	-	28,705	-
Payable from restricted assets:				
Contracts payable	-	-	-	1,096
Accrued interest payable	-	-	-	1,703
Current portion of revenue bonds payable	-	-	-	3,940
<b>LONG TERM LIABILITIES:</b>				
Capitalized leases	14,434	-	14,434	-
Compensated absences	15,261	-	15,261	552
Bonds and warrants payable, net	445,199	-	445,199	65,081
Closure and postclosure costs	6,239	-	6,239	-
Workers' compensation claims payable	11,947	-	11,947	-
OPEB liability	18,188	-	18,188	-
<b>Total Liabilities</b>	<b>594,014</b>	<b>3,509</b>	<b>597,523</b>	<b>74,824</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	72,325	855	73,180	310,807
Restricted for:				
Restricted for debt service	41,569	-	41,569	10,055
Restricted for future projects	115,885	-	115,885	5,464
Unrestricted	(51,384)	(1,522)	(52,906)	26,711
<b>Total Net Assets</b>	<b>\$ 178,395</b>	<b>\$ (667)</b>	<b>\$ 177,728</b>	<b>\$ 353,037</b>

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

City of Birmingham, Alabama  
Statement of Activities  
For the Year Ended June 30, 2010  
(in thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>						
Governmental Activities:						
Public safety	\$ 210,132	\$ 19,455	\$ 2,033	\$ (188,644)	\$ -	\$ (188,644)
Street and sanitation	59,822	568	27	(59,227)	-	(59,227)
Cultural & recreational	41,907	1,327	-	(40,580)	-	(40,580)
General government	163,581	86,473	18,898	(58,210)	-	(58,210)
Interest on long-term debt	21,473	-	-	(21,473)	-	(21,473)
<b>Total Governmental Activities</b>	<b>496,915</b>	<b>107,823</b>	<b>20,958</b>	<b>(368,134)</b>	<b>-</b>	<b>(368,134)</b>
<b>Business-Type Activities:</b>						
Emergency Management Communication District	4,937	4,517	-	-	(420)	(420)
<b>Total Business-Type Activities</b>	<b>4,937</b>	<b>4,517</b>	<b>-</b>	<b>-</b>	<b>(420)</b>	<b>(420)</b>
<b>Total Primary Government</b>	<b>\$ 501,852</b>	<b>\$ 112,340</b>	<b>\$ 20,958</b>	<b>\$ (368,134)</b>	<b>(420)</b>	<b>(368,554)</b>
<b>Component Units</b>						
Birmingham Airport Authority	\$ 32,602	\$ 34,992	\$ 22,646	-	-	25,037
Birmingham Parking Authority	5,964	6,017	-	-	-	53
<b>Total Component Units</b>	<b>\$ 38,566</b>	<b>\$ 41,009</b>	<b>\$ 22,646</b>	<b>-</b>	<b>-</b>	<b>25,090</b>
<b>General revenues:</b>						
Sales and use tax				127,197	-	127,197
Occupational tax				73,008	-	73,008
Property tax				56,699	-	56,699
Grants and contributions-unrestricted				23,730	-	23,730
Unrestricted investment earnings				8,233	1	8,234
Other				7,145	-	7,145
<b>Total General Revenues:</b>				<b>296,012</b>	<b>1</b>	<b>296,013</b>
<b>Change in Net Assets:</b>						
Net Assets - Beginning as originally reported				(72,122)	(419)	(72,541)
Prior period adjustment				241,742	(145)	241,597
Net Assets - Beginning as restated				8,775	(103)	8,672
Net Assets - Ending				250,517	(248)	250,269
				\$ 178,395	\$ (667)	\$ 177,728
						\$ 325,628
						\$ 325,628
						\$ 353,037

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

City of Birmingham, Alabama  
Balance Sheet  
Governmental Funds  
June 30, 2010  
(in thousands)

	General	General Bond Debt Reserve	General Bond Debt Service	Capital Improvement Fund	Birmingham Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and investments	\$ 79,481	\$ 39,598	\$ -	\$ 19,186	\$ 76,648	\$ 86,213	\$ 301,126
Cash with fiscal agent	-	-	-	-	-	1,952	1,952
Receivables:							
Accrued interest	133	295	-	-	424	164	1,016
Accrued taxes	24,542	188	-	460	-	114	25,304
Accounts (net of uncollectibles)	10,990	-	-	-	-	1,246	12,236
Notes (net of uncollectibles)	334	-	-	-	-	277	611
Loans	2,357	-	-	-	-	1,410	3,767
Due from other governments	3	-	-	-	-	1,133	1,136
Special assessments	-	-	-	-	-	10,651	10,651
Due from proprietary fund	3,482	-	-	-	-	-	3,482
Due from component units	1,203	-	-	-	-	-	1,203
Inventories	1,388	-	-	-	-	-	1,388
Prepaid items	253	-	-	-	-	-	253
Other	411	-	-	-	-	54	465
<b>Total Assets</b>	<b>\$ 124,577</b>	<b>\$ 40,081</b>	<b>\$ -</b>	<b>\$ 19,646</b>	<b>\$ 77,072</b>	<b>\$ 103,214</b>	<b>\$ 364,590</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities:</b>							
Bank overdraft	-	-	2,113	-	-	2,738	4,851
Accounts and vouchers payable	13,407	-	26	1,845	6	6,018	21,302
Contracts payable-retainage	3	-	-	367	-	700	1,070
Accrued payroll and payroll taxes payable	15,871	-	-	-	-	273	16,144
Deferred revenue	501	-	-	-	-	11,057	11,558
Other liabilities	2,515	-	-	-	-	68	2,583
<b>Total Liabilities</b>	<b>\$ 32,297</b>	<b>\$ -</b>	<b>\$ 2,139</b>	<b>\$ 2,212</b>	<b>\$ 6</b>	<b>\$ 20,854</b>	<b>\$ 57,508</b>
<b>Fund Balances:</b>							
Reserved for debt service	-	40,081	-	-	-	10,866	50,947
Reserved for inventory and prepaid items	253	-	-	-	-	-	253
Reserved for capital projects	-	-	-	17,434	77,066	77,026	171,526
Unreserved, reported in:							
General fund	92,027	-	-	-	-	(1,866)	92,027
Special revenue funds	-	-	-	-	-	(1,866)	(1,866)
Debt service funds	-	-	(2,139)	-	-	(3,666)	(5,805)
<b>Total Fund Balances</b>	<b>\$ 92,280</b>	<b>\$ 40,081</b>	<b>\$ (2,139)</b>	<b>\$ 17,434</b>	<b>\$ 77,066</b>	<b>\$ 82,360</b>	<b>\$ 307,082</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 124,577</b>	<b>\$ 40,081</b>	<b>\$ -</b>	<b>\$ 19,646</b>	<b>\$ 77,072</b>	<b>\$ 103,214</b>	<b>\$ 364,590</b>

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

**City of Birmingham, Alabama**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**For the Year Ended June 30, 2010**  
(in thousands)

Fund balance - total governmental funds	\$	307,082
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Amounts reported for governmental activities in the statement of net assets are different because:

Deferred revenues are not recognized until available in the funds		11,558
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Net pension asset is not a financial resource and not reported in the funds		6,200
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Deferred items related to debt issuance used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		24,025
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Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.

Governmental capital assets	\$	715,207	
Accumulated depreciation		(332,761)	382,446

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

Warrants payable		(473,904)	
Compensated absences		(16,419)	
Accrued interest payable		(3,573)	
Capital lease payable		(20,950)	
Landfill closure costs		(6,239)	
OPEB liability		(18,188)	
Workers' compensation claims payable		(11,947)	
Estimated claims payable		(1,696)	(552,916)

Net assets of governmental activities:	\$	<u>178,395</u>
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**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, 2010**  
**(in thousands)**

	General	General Bond Debt Reserve	General Bond Debt Service	Capital Improvement Fund	Birmingham Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 234,848	\$ 29,865	\$ -	\$ -	\$ -	\$ 685	\$ 265,398
Licenses and permits	78,556	-	-	-	-	-	78,556
Intergovernmental	16,843	283	-	5,399	-	21,773	44,298
Charges for services	13,874	-	-	-	-	69	13,943
Fines and forfeitures	5,425	-	-	-	-	1,345	6,770
Investment income	1,407	2,536	3	186	3,699	404	8,235
Other operating revenues	8,296	-	-	-	-	872	9,168
<b>Total Revenues</b>	<b>359,249</b>	<b>32,684</b>	<b>3</b>	<b>5,585</b>	<b>3,699</b>	<b>25,148</b>	<b>426,368</b>
<b>Expenditures</b>							
<b>Current Expenditures:</b>							
<b>Public safety:</b>							
Police	89,080	-	-	-	-	1,074	90,154
Fire	66,460	-	-	-	-	856	67,316
Planning, Engineering & Permits	14,736	-	-	-	-	4,536	19,272
Traffic Engineering	10,699	-	-	-	-	-	10,699
Municipal Court	4,575	-	-	-	-	1,922	6,497
Parole Office	312	-	-	-	-	-	312
Nondepartmental	-	-	-	-	-	97	97
<b>Street and sanitation:</b>							
Public Works	57,709	-	-	-	-	162	57,871
<b>Cultural &amp; recreational:</b>							
Park & Recreation	11,366	-	-	-	-	2,204	13,570
Library	16,584	-	-	-	-	-	16,584
Arlington Historical Home	595	-	-	-	-	-	595
Boutwell Auditorium	1,263	-	-	-	-	-	1,263
Museum of Art	3,681	-	-	-	-	-	3,681
Sloss Furnace	759	-	-	-	-	-	759
Southern Museum of Flight	671	-	-	-	-	-	671
State Fairgrounds	538	-	-	-	-	-	538
Nondepartmental	-	-	-	-	-	38	38
<b>General government:</b>							
Finance	9,254	-	-	-	-	477	9,731
Equipment Management	5,603	-	-	-	-	-	5,603
Information Management Services	7,776	-	-	-	-	9	7,785
City Clerk	2,326	-	-	-	-	-	2,326
Community Development	763	-	-	-	-	21,347	22,110
Council Office	2,707	-	-	-	-	-	2,707
Legal	4,700	-	-	-	-	-	4,700
Mayor's Office	6,400	-	-	-	-	-	6,400
Personnel	6,588	-	-	-	-	-	6,588
Nondepartmental	46,249	-	109	14,552	80	12,720	73,710
<b>Debt Service:</b>							
Principal	12,392	-	19,975	2,315	-	7,368	42,050
Interest and fees	6,667	-	14,836	1,677	-	1,123	24,303
<b>Capital Outlay:</b>							
Capital outlays	522	-	-	4,948	-	5,513	10,983
<b>Total Expenditures</b>	<b>390,975</b>	<b>-</b>	<b>34,920</b>	<b>23,492</b>	<b>80</b>	<b>59,446</b>	<b>508,913</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(31,726)</b>	<b>32,684</b>	<b>(34,917)</b>	<b>(17,907)</b>	<b>3,619</b>	<b>(34,298)</b>	<b>(82,545)</b>
<b>Other financing sources (uses):</b>							
Proceeds from issuance of debt	-	-	-	-	-	21,000	21,000
Issuance of refunding bonds	-	-	-	-	-	19,960	19,960
Refunded bonds redeemed	-	-	-	-	-	(19,967)	(19,967)
(Premium)/Discount on debt issuance	-	-	-	-	-	316	316
Transfers in	27,278	-	32,325	-	-	139	59,742
Transfers out	(1)	(32,325)	-	(27,278)	-	(138)	(59,742)
<b>Total Other financing sources (uses)</b>	<b>27,277</b>	<b>(32,325)</b>	<b>32,325</b>	<b>(27,278)</b>	<b>-</b>	<b>21,310</b>	<b>21,309</b>
<b>Net Change in Fund Balances:</b>	<b>(4,449)</b>	<b>359</b>	<b>(2,592)</b>	<b>(45,185)</b>	<b>3,619</b>	<b>(12,988)</b>	<b>(61,236)</b>
Beginning fund balance as originally reported	94,781	39,722	453	62,619	73,447	93,655	364,677
Prior period adjustments	1,948	-	-	-	-	1,693	3,641
Fund balance as restated	96,729	39,722	453	62,619	73,447	95,348	368,318
<b>Fund Balances - Ending</b>	<b>\$ 92,280</b>	<b>\$ 40,081</b>	<b>\$ (2,139)</b>	<b>\$ 17,434</b>	<b>\$ 77,066</b>	<b>\$ 82,360</b>	<b>\$ 307,082</b>

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, 2010**  
(in thousands)

Net change, decrease, in fund balances - total governmental funds	\$	(61,236)
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, however, these costs are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
		(6,066)
<p>The repayment of principal of long-term debt uses current resources of governmental funds but has no effect on net assets</p>		
		62,017
<p>Issuance of new bonds and warrants</p>		
		(41,276)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:</p>		
Change in compensated absences	(369)	
Change in closure and postclosure costs	1,453	
Amortization of deferred charges	(591)	
Change in interest payable	2,414	
Change in workers' compensation claims payable	(9,110)	
Change in OPEB liability	(11,374)	
Change in net pension asset	(4,593)	
Change in estimated claims liability	250	(21,920)
<hr/>		
Revenue not recognized until future years	(1,981)	
Revenue recognized in a prior year	877	
Loss on disposal of fixed assets	(2,537)	(3,641)
<hr/>		
Change, decrease, in net assets of governmental activities	\$	<u>(72,122)</u>

**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 Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2010**  
(in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 247,337	\$ 222,523	\$ 234,848	\$ 12,325
Licenses and permits	97,415	78,830	78,556	(274)
Intergovernmental	14,163	15,903	16,843	940
Charges for services	11,383	11,388	13,874	2,486
Fines and forfeitures	5,213	5,191	5,425	234
Investment income	1,364	924	1,407	483
Other operating revenues	12,563	14,223	8,296	(5,927)
<b>Total Revenues</b>	<u>389,438</u>	<u>348,982</u>	<u>359,249</u>	<u>10,267</u>
<b>Expenditures</b>				
Current Expenditures:				
Public safety	182,858	183,482	185,862	(2,380)
Street and sanitation	56,929	57,394	57,709	(315)
Cultural & recreational	35,030	34,470	35,457	(987)
General government	77,925	84,526	89,371	(4,845)
Debt service	17,203	17,208	18,408	(1,200)
Capital outlays	32,243	24,973	4,168	20,805
<b>Total Expenditures</b>	<u>402,188</u>	<u>402,053</u>	<u>390,975</u>	<u>11,078</u>
Deficiency of Revenues Under Expenditures		<u>(53,071)</u>	<u>(31,726)</u>	<u>(811)</u>
Other financing sources		<u>1,019</u>	<u>27,277</u>	
Deficiency of Revenues and Other Uses Under Expenditures		<u>(52,052)</u>	<u>(4,449)</u>	
Beginning fund balance as originally reported		94,781	94,781	
Prior period adjustments			1,948	
Fund balance as restated			<u>96,729</u>	
<b>Fund Balance - Ending</b>		<u>\$ 42,729</u>	<u>\$ 92,280</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, 2010**  
**(in thousands)**

<b>Assets</b>	
Current assets:	
Cash and investments	\$ 1,717
Total Current assets	<u>1,717</u>
Restricted assets:	
Accounts and grants receivable	270
Total Restricted assets	<u>270</u>
Property, plant, and equipment:	
Buildings and systems	1,025
Machinery and equipment	2,326
Furniture and fixtures	23
Less accumulated depreciation	<u>(2,519)</u>
Total Property, plant, and equipment	855
Total Assets	<u><u>\$ 2,842</u></u>
 <b>Liabilities and Net Assets</b>	
Liabilities:	
Current liabilities:	
Accounts payable	25
Accrued payroll & payroll taxes	2
Due to other funds	3,482
Total Current liabilities	<u>3,509</u>
Total Liabilities	<u>3,509</u>
 Net Assets:	
Invested in capital assets	855
Unrestricted	<u>(1,522)</u>
Total Net Assets	<u>(667)</u>
Total Liabilities and Net Assets	<u><u>\$ 2,842</u></u>

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

**City of Birmingham, Alabama**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Fund**  
**Emergency Management Communication District**  
**For the Year Ended June 30, 2010**  
**(in thousands)**

<b>Operating Revenues</b>	
Service fees	\$ 4,517
Total Operating Revenues	<u>4,517</u>
<b>Operating Expenses</b>	
Public safety	3,482
General and administrative	557
Repairs and maintenance	834
Depreciation	64
Total Operating Expenses	<u>4,937</u>
Operating Income (Loss)	<u>(420)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	<u>1</u>
Total Nonoperating Revenues (Expenses)	<u>1</u>
Income (Loss) Before Contributions and Transfers:	<u>(419)</u>
Change in Net Assets:	<u>(419)</u>
Beginning fund balance as originally reported	(145)
Prior period adjustments	(103)
Fund balance as restated	(248)
Fund Balance - Ending	<u>\$ (667)</u>

**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, 2010**  
**(in thousands)**

Cash flows from operating activities:	
Cash received from customers	\$ 4,517
Cash payments to suppliers	(5,104)
Cash payments to employees	(45)
Net cash from operating activities	<u>(632)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	-
Cash flows from investing activities:	
Interest received	<u>1</u>
Net decrease in cash and cash equivalents	(631)
Cash and investments, beginning of year	<u>2,348</u>
Cash and investments, end of year	<u><u>1,717</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(420)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	64
Change in accounts receivable	(270)
Change in accounts payable and contracts payable	25
Change in due to other funds	(31)
Net cash from operating activities	<u><u>\$ (632)</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, 2010**  
**(in thousands)**

<b>Assets</b>		
Cash and cash equivalents	\$	44,944
Receivables:		
Member contributions		-
Member loans		11,096
Interest and dividends		5,445
Total Receivables		<u>16,541</u>
Investments, at fair value:		
U.S. government obligations		203,973
Domestic corporate bonds		209,947
Domestic stocks		402,092
Total Investments, at fair value		<u>816,012</u>
Total Assets		<u>877,497</u>
 <b>Liabilities</b>		
Accounts payable and other		729
Accrued payroll and payroll taxes payable		310
Total Liabilities		<u>1,039</u>
 <b>Net Assets</b>		
Held in trust for future pension benefits		876,458
Total Net Assets	\$	<u>876,458</u>

**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, 2010**  
**(in thousands)**

**Additions**

Additions:	
Contributions:	
Employer Contributions	\$ 17,243
Plan member contributions	15,881
Investment income:	
Investment earnings	93,504
Securities lending	702
Other income	384
Total Additions	<u>127,714</u>
Total Additions	<u>127,714</u>

**Deductions**

Deductions:	
Benefits	66,063
Refunds of contributions	1,276
Administrative expenses	1,102
Investment Expenses	3,020
Total Deductions	<u>71,461</u>
Total Deductions	<u>71,461</u>
Change in Net Assets:	56,253
Net Assets - Beginning	820,205
Net Assets - Ending	<u>\$ 876,458</u>

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

**City of Birmingham, Alabama**  
**Statement of Net Assets - Component Units**  
**June 30, 2010**  
(in thousands)  
(1 of 2)

	Component Units		Total
	Birmingham Airport Authority	Birmingham Parking Authority	
<b>Assets</b>			
<b>CURRENT ASSETS:</b>			
Unrestricted assets:			
Cash and investments	\$ 24,079	\$ 3,894	\$ 27,973
Receivables:			
Accounts (net of uncollectibles)	834	62	896
Due from other governments	452	-	452
Prepaid items	360	34	394
Restricted assets:			
Cash and cash equivalents	10,991	-	10,991
Investments	5,915	-	5,915
Accounts and grants receivable	1,399	-	1,399
Accrued interest receivable	13	-	13
<b>NONCURRENT ASSETS:</b>			
Other assets:			
Deferred charges	1,232	-	1,232
Capital assets:			
Land	127,755	1,940	129,695
Buildings and capital facilities	106,263	-	106,263
Furniture and other equipment	14,572	871	15,443
Accumulated depreciation	(74,393)	(549)	(74,942)
Infrastructure	193,181	-	193,181
Accumulated depreciation, infrastructure	(65,977)	-	(65,977)
Construction in progress	74,933	-	74,933
<b>Total Assets</b>	<b>421,609</b>	<b>6,252</b>	<b>427,861</b>

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

**City of Birmingham, Alabama**  
**Statement of Net Assets - Component Units**  
**June 30, 2010**  
(in thousands)  
(2 of 2)

	Component Units		Total
	Birmingham Airport Authority	Birmingham Parking Authority	
<b>Liabilities</b>			
<b>CURRENT LIABILITIES:</b>			
Payable from unrestricted assets:			
Accounts and vouchers payable	1,004	81	1,085
Accrued payroll and payroll taxes payable	-	130	130
Due to primary government	-	1,203	1,203
Deferred revenue	-	34	34
Payable from restricted assets:			
Contracts payable	1,096	-	1,096
Accrued interest payable	1,703	-	1,703
Current portion of revenue bonds payable	3,940	-	3,940
<b>LONG TERM LIABILITIES:</b>			
Compensated absences	372	180	552
Bonds and warrants payable, net	65,081	-	65,081
<b>Total Liabilities</b>	<b>73,196</b>	<b>1,628</b>	<b>74,824</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	308,545	2,262	310,807
Restricted for:			
Restricted for debt service	10,055	-	10,055
Restricted for future projects	5,464	-	5,464
Unrestricted	24,349	2,362	26,711
<b>Total Net Assets</b>	<b>\$ 348,413</b>	<b>\$ 4,624</b>	<b>\$ 353,037</b>

**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, 2010**  
(in thousands)

	Expenses	Charges for Services	Capital Grants and Contributions	Net Revenues and Changes in Net Assets		
				Birmingham Airport Authority	Birmingham Parking Authority	Total
Birmingham Airport Authority	\$32,602	\$34,993	\$22,646	\$25,037		\$25,037
Birmingham Parking Authority	5,964	6,017			\$53	53
<b>Total component units</b>	<b>\$38,566</b>	<b>\$41,010</b>	<b>\$22,646</b>	<b>25,037</b>	<b>53</b>	<b>25,090</b>
General revenues:						
Unrestricted investment earnings				212	22	234
Other				2,085		2,085
<b>Total general revenues</b>				<b>2,297</b>	<b>22</b>	<b>2,319</b>
Change in net assets				27,334	75	27,409
Net assets - beginning of year				321,079	4,549	325,628
<b>Net assets - end of year</b>				<b>\$348,413</b>	<b>\$4,624</b>	<b>\$353,037</b>

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

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

**I. Organization and Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

**Discretely presented component units**

- The Birmingham Airport Authority (BAA) is a seven-member board appointed by the City and is a 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, 2010, totaled \$3,892,603.

- 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.

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, 2010

Birmingham Parking Authority  
1732 5<sup>th</sup> Avenue North  
Birmingham, Alabama 35203  
Financial statement date: June 30, 2010

**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 2010, the

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

City appropriated to the BJCTA \$3,557,787 and \$74,576 to the BHA. These organizations are related organizations that have not been included within the City's financial statements.

**Joint Venture**

As defined in GASB Statement No. 14, a joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. The City participates in the Birmingham-Jefferson County Civic Center Authority (BJCCA) which was created by the Alabama Legislature as a public corporation authorized to construct, maintain, operate, and manage a civic center in the City of Birmingham, Jefferson County, Alabama. The BJCCA also owns a hotel that is managed by an independent operator. The City is a joint participant in the BJCCA with Jefferson County; each is obligated by contract to remit amounts to supplement the BJCCA's operating revenues. In accordance with the interlocal agreement, the City remitted \$3,000,000 to the BJCCA during fiscal year 2010. The City does not have an equity ownership in this joint venture. Separate financial statements indicated a change in net assets of \$7,965,388 for the year ended August 31, 2009; net assets at August 31, 2009 totaled \$144,063,187. These are the most current figures available. Complete financial statements for the BJCCA may be obtained at the administrative offices at 2100 Richard Arrington Jr. Blvd. North, Birmingham, AL 35203.

**B. Government-wide and Fund Financial Statements**

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

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund financial statements are all reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this focus and basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the cash is received or

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

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

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

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

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

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

The City of Birmingham reports the following major governmental funds:

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

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

The *General Bond Debt Service Fund* accounts for the payment of principal and interest on general obligation 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 *Capital Improvement Fund* accounts for funds from miscellaneous sources used for various capital improvement projects.

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 *fiduciary* fund type:

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, Alabama  
Notes to the Financial Statements  
June 30, 2010

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

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

**D. Assets, Liabilities, and Net Assets or Equity**

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

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

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

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 4% sales tax for the sale of tangible goods within the City limits and a 1% occupational tax on wages of persons employed within the City limits. Tax collections are remitted to the City on a monthly basis. All amounts remitted within the bill paying period are included in revenue; taxes collected within the fiscal year but remitted to the City after year-end are accrued in both the government-wide and fund financial statements. The City Council enacted a 1% sales tax increase on December 4, 2007, for a period of six years to be effective January 1, 2008.

3. Inventories and Prepaid Items – Inventories are valued on the average cost basis. Inventory consists of expendable supplies held in the General Fund for consumption. The cost is recorded as an expenditure at the time individual items are used (consumption method). Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

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 \$1,000. Capital assets are recorded at cost where historical cost is available or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value at time of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend useful lives are expensed. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

<u>ASSETS</u>	<u>YEARS</u>
Buildings and capital facilities	50
Furniture and equipment	10 – 20
Infrastructure	25 – 50

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

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

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

8. Equity classification – In the government-wide statements, equity is classified as net assets and displayed in three components: a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets; b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional or enabling legislation; c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund financial statements, 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. Stewardship, compliance, and accountability**

### **A. Budgetary information**

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

On or before May 20, the Mayor submits to the City Council a proposed General Fund operating budget for the upcoming fiscal year commencing July 1. The proposed budget includes proposed expenditures and the means of financing them. Subsequently, a public hearing is held to obtain taxpayer comments; and prior to July 1, the official budget is enacted through passage of an ordinance.

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

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

## **III. Detailed notes on all funds**

### **A. Deposits and Investments**

**Deposits** - At June 30, 2010, the carrying amount of the City’s demand deposits, certificates of deposits, and money market investments in all funds was \$193,902,574 and the bank balance was \$182,940,413.

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

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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.

**Investments** - At June 30, 2010, the City of Birmingham had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg. Maturity (years)</u>
U.S. Govt. agency obligations	\$ 180,878,297	9.30
U.S. Treasuries	150,252,807	6.27
U.S. Corporate debt	234,768,774	6.85
U.S. Corporate stock	418,039,223	-
Total fair value	<u>\$ 983,939,101</u>	
Portfolio weighted avg. maturity		7.48

**Interest Rate Risk**

The city has a formal investment policy, for its internally managed funds, which limits the weighted average duration of fixed income investments as a means of controlling the portfolio's exposure to undesirable interest rate risk. The guidelines for these various internally managed fund groups are as follows:

<u>Fund Group</u>	<u>Weighted Avg. Duration Limit</u>
Operating & Investment Fund	3 years
Sinking Fund	5 years
1992 Street Warrants	2 years
Investible Grants	1 year
HUD Trust	1 year
Fireman and Policemen Supplemental	7 years
Library Supplemental Pension	7 years
Emergency Communication District	1 year
Dental Fund	1 year
1990 G.O. Bonds	2 years
1990 Storm Sewer Bonds	2 years
1992 G.O. Bond	2 years
1993 G.O. Bond	2 years
Birmingham Fund	7 years

**Retirement & Relief System**

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

**Investments Highly Sensitive to Interest Rate Changes**

The City also invests in mortgage-backed securities, representing U.S. government agency obligations with a fair value of \$ 41,279,126. Mortgage-backed securities are based on cash flows

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from the collection of mortgages. Prepayments arise when, for example, mortgage holders redeem their mortgages early. The investor's investment is returned early, or in extreme cases not returned at all. Mortgage-backed securities may be considered to be investments with terms that may cause their fair values to be highly sensitive to interest rate changes.

**Credit Risk:** The City's Retirement & Relief System's investment policy limits investments in all bonds to securities having a Standard & Poors rating of AAA, AA, A, or BBB, or a Moody's rating of Aaa, Aa, A, or Baa. The City's investments included the following bonds at June 30, 2010:

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Govt Agency Discount Notes, Bonds	AAA	\$ 180,878,297
U. S. Corporate Bonds:	AAA	\$ 29,665,458
	AA	22,921,723
	A	102,651,083
	BBB	78,700,510
	BB	830,000
		<u>234,768,774</u>
		<u>\$ 415,647,071</u>

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

**Securities Lending Transactions** – Under the provisions of State statutes, the City lends securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. One of the City's custodial banks manages the securities lending program and received both cash and domestic bonds as collateral. The collateral securities cannot be pledged nor sold by the City unless the borrower defaults. Collateral securities are initially pledged at 102% of the market value of the securities lent and this collateral is adjusted weekly to maintain the 102% level. The City's Pension Plans authorize the lending of domestic bonds and equity securities. The cash collateral is invested in commingled short-term fixed income accounts. The City, as a program participant, assumes the risk that (a) the overnight investment will not equal or exceed the rebate rate, (b) a loss of principal in the overnight investment, and (c) the collateral will not be sufficient if called upon to repurchase the lost security. The market value of collateral held and the market value (USD) of securities on loan for the client as of June 30, 2010 was \$259,522,217 and \$252,691,653, respectively. The City has incurred no loss through its participation in the securities lending program, and has no anticipated risk exposure.

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**B. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows (in thousands):

	<u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 139,441	\$	\$	\$ 139,441
Construction in progress	36,886	12,106	26,367	22,625
Land, infrastructure projects	16,647			16,647
Total nondepreciable capital assets	<u>192,974</u>	<u>12,106</u>	<u>26,367</u>	<u>178,713</u>
Capital assets, depreciable:				
Buildings & capital facilities	191,033		7,445	183,588
Furniture & other equipment	147,928	19,753	1,854	165,827
Infrastructure	180,868	6,211		187,079
Total depreciable capital assets	<u>519,829</u>	<u>25,964</u>	<u>9,299</u>	<u>536,494</u>
Less accumulated depreciation:				
Buildings & capital facilities	97,646	3,988	4,965	96,669
Furniture & other equipment	110,938	7,255	1,699	116,494
Infrastructure	113,171	6,428		119,599
Total accumulated depreciation	<u>321,755</u>	<u>17,671</u>	<u>6,664</u>	<u>332,762</u>
Net depreciable capital assets	<u>198,074</u>	<u>8,293</u>	<u>2,635</u>	<u>203,732</u>
<b>Governmental activities, net capital assets</b>	<u>\$ 391,048</u>	<u>\$ 20,399</u>	<u>\$ 29,002</u>	<u>\$ 382,445</u>
<b>Business-type activities:</b>				
Buildings & other capital facilities	\$ 1,025	\$	\$	\$ 1,025
Furniture & other equipment	2,349			2,349
Total capital assets	<u>3,374</u>			<u>3,374</u>
Less accumulated depreciation:				
Buildings & other capital facilities	379	20		399
Furniture & other equipment	2,076	44		2,120
Total accumulated depreciation	<u>2,455</u>	<u>64</u>		<u>2,519</u>
<b>Business-type activities, net capital assets</b>	<u>\$ 919</u>	<u>\$ (64)</u>	<u>\$</u>	<u>\$ 855</u>

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

**Governmental activities:**

Public safety, including depreciation of infrastructure assets	\$ 10,531
Streets and sanitation	3,031
Cultural and recreation	2,830
General government	1,279
<b>Total depreciation - governmental activities</b>	<b>\$ <u>17,671</u></b>

**Business-type activities:**

E-911 operations	\$ <u>64</u>
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**C. Interfund transfers**

During the course of normal operations, the City incurs numerous transactions between funds to provide services, construct assets, service debt, etc. Their transactions are generally reported as interfund transfers. No expectation of repayment between funds is expected related to these interfund transfers. The composition of interfund transfer balances at June 30, 2010, is as follows (in thousands):

Transfers Out	General Fund	Debt Service	Non-Major Funds	Totals
General Fund	\$ 0	\$ 0	\$ 1	\$ 1
Debt Reserve	0	32,325	0	32,325
Capital Imp. Fund	27,278	0	0	27,278
Non-Major Funds	0	0	138	138
	<b>\$ <u>27,278</u></b>	<b>\$ <u>32,325</u></b>	<b>\$ <u>139</u></b>	<b>\$ <u>59,742</u></b>

**D. Leases**

The City entered into a capital lease in fiscal year 2005 to finance the acquisition of printing equipment. The lease agreement qualifies as a capital lease for accounting purposes. The equipment is capitalized at a cost of \$417,000.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, are as follows:

<b>Year ending June 30,</b>	
2011	\$ 70,000
2012	53,000
Total minimum lease payments	123,000
Less amount representing interest	(4,000)
<b>Present value of minimum lease payments</b>	<b>\$ <u>119,000</u></b>

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The City entered into a capital lease in fiscal year 2006 to finance the acquisition of a new financial reporting and human resource/payroll computer system. The system is capitalized at a cost of \$1.8 million. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, are as follows:

<b>Year ending June 30,</b>	
2011	\$ <u>270,000</u>
Total minimum lease payments	270,000
Less amount representing interest	<u>(4,000)</u>
<b>Present value of minimum lease payments</b>	<b>\$ <u>266,000</u></b>

The City entered into a capital lease in fiscal year 2009 to finance the acquisition of rolling stock. The rolling stock is capitalized at a cost of \$26 million. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, are as follows:

<b>Year ending June 30,</b>	
2011	\$ 6,976,000
2012	6,977,000
2013	4,181,000
2014	<u>4,181,000</u>
Total minimum lease payments	22,315,000
Less amount representing interest	<u>(1,750,000)</u>
<b>Present value of minimum lease payments</b>	<b>\$ <u>20,565,000</u></b>

**E. Long-term debt**

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and/or construction of capital assets. The original amounts of general obligation bonds issued were \$454,705,000. The bonds are direct obligations of the City, and the full faith and credit of the City is pledged against the bonds. The bonds outstanding at June 30, 2010, are as follows (in thousands):

1997-B, A-E; 4.5%-5.375%	\$ 640
2001-A; 2.3%-5.75%	2,695
2002-A; 5%-5.5%	11,795
2002-B; 2.25%-5.25%	5,835
2005-A; 3.75%-5.75%	28,230
2006-A; 4.00%-5.00%	81,040
2006-B; 4.00%-5.00%	52,745
2007-A; 4.00%-5.00%	<u>115,090</u>
<b>Total</b>	<b>\$ <u>298,070</u></b>

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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>
2011	\$ 20,810	\$ 13,926
2012	21,185	12,989
2013	22,130	12,027
2014	20,225	10,863
2015	21,230	9,823
2016-2020	73,610	33,390
2021-2025	32,600	22,981
2026-2030	49,920	14,016
2031-2035	36,360	2,507
<b>Total</b>	<b>\$ 298,070</b>	<b>\$ 132,522</b>

General obligation warrants and revenue warrants:

The City issues general obligation warrants for the same purposes as general obligation bonds. The warrants are also direct obligations of the City for which it pledges its full faith and credit. Under state statute, general obligation warrants can be issued without an election and must be issued for a period of maturity of not longer than thirty years. Revenue warrants are tax increment financing district warrants in which ad valorem taxes are collected to fund the debt service. The original amounts of warrants issued were \$276,650,000. The warrants outstanding at June 30, 2010, are as follows (in thousands):

1997; 3.8%-5.0%	\$ 1,930
2001-B; 5%-5.5%	4,930
2001-C; 4%-5.75%	20,800
2003-A; 1.7%-5.25%	14,585
2003-B; 1.2%-5%	22,440
2004-B; 2.3%-4%	6,240
2006-C; 4%-5%	24,740
2007-B; 4%-5%	24,590
2009-A; 3%-4.5%	18,360
<b>Total</b>	<b>\$ 138,615</b>
 <b>Revenue Warrants:</b>	
2009-A Tax Increment Financing; var. rate	\$ 7,000
2009-B Tax Increment Financing; var. rate	14,000
<b>Total</b>	<b>\$ 21,000</b>

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

June 30	Principal	Interest
2011	\$ 7,895	\$ 7,345
2012	10,165	7,004
2013	11,055	6,566
2014	11,765	6,027
2015	12,285	5,459
2016-2020	53,750	18,242
2021-2025	29,325	8,411
2026-2030	17,475	3,922
2031-2033	5,900	531
<b>Total</b>	<b>\$ 159,615</b>	<b>\$ 63,507</b>

Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$ 298,070
Warrants payable	138,615
Revenue warrants	21,000
	<u>457,685</u>
Less current maturities	(28,705)
Unamortized premium & discount	<u>16,219</u>
<b>Total bonds and warrants payable</b>	<b>\$ <u>445,199</u></b>

Changes in long-term liabilities (in thousands):

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
<b>Governmental activities:</b>					
Bonds and warrants payable (net of premium and discounts)	\$ 490,042	\$ 41,276	\$ 57,414	\$ 473,904	\$ 28,705
Conduit debt obligations-BWWB	72,855	0	72,855	0	0
Capital leases	27,331	0	6,381	20,950	6,516
Worker's compensation claims	2,836	9,111	0	11,947	0
Compensated absences	16,050	1,087	718	16,419	1,158
Closure and postclosure costs	7,692	0	1,453	6,239	0
OPEB liability	6,814	11,374	0	18,188	0
<b>Total</b>	<b>\$ <u>623,620</u></b>	<b>\$ <u>62,848</u></b>	<b>\$ <u>138,821</u></b>	<b>\$ <u>547,647</u></b>	<b>\$ <u>36,379</u></b>

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

The City issued \$19.96 million General Obligation Refunding Warrants Series 2009-A, for a current refunding of \$19.97 million of the City's General Obligation Capital Improvement Warrants, Series 2004-A. The refunding was undertaken to change variable rate debt to fixed rate debt. The reacquisition price exceeded the net carrying amount of the old debt by a negligible amount. The transaction resulted in an immaterial economic gain and immaterial change in future debt service payments.

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**F. 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).

In fiscal year 2008, the Alabama Supreme Court ruled that the City of Birmingham was not exempt from the State of Alabama's worker compensation rules. The City has not decided whether it will appeal this ruling or not at this time. It is considering a rewrite of the pension laws of the State of Alabama that cover the City's pension plans to better reflect the City's overall liability. The City had a professional actuarial estimate made of its liability at June 30, 2010, which was calculated to be \$11,946,656 which has been accrued on the government-wide financial statements. The City elected to have this actuarial evaluation done biennially. The changes to the liability for workers compensation claims are shown below:

June 30	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2010	\$ 2,836	\$ 9,111	\$ 0	\$ 11,947
2009	2,836	0	0	2,836
2008	7,200	(4,364)	0	2,836
2007	7,200	0	0	7,200
2006	7,200	0	0	7,200

The City is a defendant in numerous suits and has been notified of numerous claims against it arising from alleged defective sidewalks and streets, alleged negligence relating to motor vehicles and other matters relating to the normal operation of a municipality such as employment and contract disputes, as well as suits and claims arising from the alleged denial of civil rights. Section 11-93-1 et seq. of the Code of Alabama 1975, as amended, places a limit of \$100,000 with respect to the City's liability for any bodily injury or death resulting from a negligent or wrongful act of one of the City's agents, officers, or employees. That provision further places a limit of \$300,000 with respect to the City's liability for personal injuries and deaths arising from a single occurrence. The Supreme Court of Alabama has upheld the constitutionality of this statute. The City does not carry liability insurance to cover such suits and claims but believes that any liability resulting from such suits and claims will be covered adequately by funds of the City which will be available to discharge such liability without impairing its ability to perform any of its other obligations. The City covers all legal 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. At June 30, 2010, the amount of these liabilities totaled \$1,696,000 and is considered a current liability. The liability is the City's best estimate based on available information.

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

<u>June 30</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2010	\$ 1,948	\$ 613	\$ 865	\$ 1,696
2009	3,087	449	1,588	1,948
2008	3,235	944	1,092	3,087

**G. Commitments and Contingencies**

The City has commitments to provide funds to be used by various entities for economic stimulus within the City. The total funds committed to these economic stimulus agreements totaled approximately \$28.7 million at June 30, 2010. These economic stimulus agreements will be funded at different periods through 2034.

The City participates in a number of federally assisted and State grant programs. The programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of the expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amount, if any, to be immaterial.

At June 30, 2010, the City has a major construction project in progress that has an outstanding contractual commitment in the amount of \$26.54 million. The City has funded capital projects funds to cover costs related to this construction project.

**H. 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 \$6.2 million reported as closure and postclosure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of approximately 83 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2010. Actual costs may be higher due to inflation, deflation, changes in technology, and/or changes in laws or regulations. Officials estimate the landfills' remaining lives to be approximately three years.

**I. 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

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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 Descriptions

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.

Summary of Significant Accounting Policies

The activities and the financial statements of the pension plans are accounted for on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Each pension plan's cash assets are invested in equity and fixed-income securities. All plan assets are reported at fair value. Investments traded in publicly traded markets are valued at the last reported sales price on the government's balance sheet date. Actuarial valuations are performed annually, and the latest are all dated July 1, 2009. The plans do not issue stand-alone financial reports, and all required disclosures are included in this report.

Plan descriptions and disclosures as of the last actuarial study of July 1, 2009 for each pension plan follow.

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

*Schedule of Employer Contributions:*

Plan Year Ended June 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2001	\$ 4,347,350	\$ 10,151,206	233.5%
2002	8,580,579	10,537,461	122.8%
2003	9,756,787	10,697,621	109.6%
2004	11,290,871	11,347,715	100.5%
2005	12,875,198	10,881,632	84.5%
2006	13,742,543	11,398,732	82.9%
2007	14,173,353	12,006,508	84.7%
2008	14,818,900	12,061,584	81.4%
2009	17,050,689	12,770,110	74.9%

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*Supplementary Information for Retirement & Relief System:*

**Actuarial Valuation:**

Frequency	Annual
Latest Date	7/1/2009
Basis for Contributions	7/1/2009
Cost Method	Entry Age Normal

**Amortization:**

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

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

**Assumptions:**

Investment Earnings	7.00
Salary Increase:	
Inflation	3.5%
Merit, Longevity, etc.	Varies from .00% to 6%
Administrative Expense	Changes from \$180,000 to \$250,000

**Plan Membership:**

Retired participants and beneficiaries receiving benefits	2,516
Terminated participants entitled to, but not yet receiving benefits	211
Active participants	<u>4,017</u>
Total membership	<u>6,744</u>

*Schedule of Funding Progress:*

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2001	\$773,453,461	\$727,360,834	\$(46,092,627)	106.34%	\$ 149,422,297	0.00%
7/1/2002	778,605,246	758,085,228	(20,520,018)	102.71%	151,180,057	-0.00%
7/1/2003	785,646,456	796,083,861	10,437,405	98.69%	152,242,441	6.86%
7/1/2004	801,612,266	838,485,603	36,873,337	95.60%	158,062,119	23.33%
7/1/2005	819,166,736	875,792,038	56,625,302	93.53%	158,898,488	35.64%
7/1/2006	898,671,013	946,584,547	47,913,534	94.94%	162,849,137	29.42%
7/1/2007	935,821,094	992,864,448	57,043,354	94.25%	167,807,596	33.99%
7/1/2008	953,079,670	1,050,785,799	97,706,129	90.70%	174,113,556	56.12%
7/1/2009	910,769,192	1,083,256,135	172,486,943	84.08%	186,523,480	92.47%

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**Retirement and Relief System**

**Development of the Net Pension Obligation and the Annual Pension Cost**

Plan Year Ended June 30	Employer Annual Required Contribution	Employer Amount Contributed	Interest on NPO @ 7%	ARC Adjustment	Amortization Factor	Pension Cost	Change in NPO	NPO Balance
2002	\$ 8,580,579	\$ 10,537,461	\$ (1,236,872)	\$ (1,923,386)	8.5743	\$ 9,267,093	\$ (1,270,368)	\$ (17,761,997)
2003	9,756,787	10,697,621	(1,332,150)	(2,022,300)	8.7831	10,446,937	(250,684)	(18,012,681)
2004	11,290,871	11,347,715	(1,350,951)	(2,089,340)	8.6212	12,029,259	681,544	(17,331,137)
2005	12,875,198	10,881,632	(1,299,835)	(2,035,605)	8.514	13,610,968	2,729,336	(14,601,802)
2006	13,742,543	11,398,732	(1,095,135)	(1,150,095)	12.6962	13,797,503	2,398,771	(12,203,031)
2007	14,173,353	12,006,508	(915,227)	(919,064)	13.2777	14,177,190	2,170,682	(10,032,349)
2008	14,818,900	12,061,584	(702,264)	(755,580)	13.2777	14,872,216	2,810,632	(7,221,717)
2009	17,050,689	12,770,110	(505,520)	(543,899)	13.2777	17,089,068	4,318,958	(2,902,759)

**Annual Pension Percentage of APC**

Fiscal Year Ending	Cost (APC)	Contributed	Net Pension Obligation (Asset)
12/31/07	14,177	85%	\$ (10,032)
12/31/08	14,872	81%	(7,221)
12/31/09	17,089	75%	(2,903)

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

*Schedule of Employer Contributions:*

Plan Year Ended June 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2002	\$ 2,756,102	\$ 2,936,000	106.5%
2003	2,722,342	3,039,000	111.6%
2004	2,570,134	3,260,000	126.8%
2005	2,647,128	3,244,000	122.5%
2006	2,630,520	3,463,000	131.6%
2007	2,888,088	3,599,000	124.6%
2008	3,072,635	3,405,000	110.8%
2009	4,381,216	4,127,000	84.2%

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

*Schedule of Funding Progress:*

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

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

**Actuarial Valuation:**

Frequency	Annual
Latest Date	7/1/2009
Basis for Contributions	7/1/2009
Cost Method	Entry Age Normal

**Amortization:**

Method	Level Dollar
Open/Closed	Open/Rolling 30 years
Equivalent Single Period Remaining	30
Asset Valuation Method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

**Assumptions:**

Investment Earnings	7.00
Salary Increase:	
Inflation	3.5%
Merit, Longevity, etc.	Varies from .00% to 6%

**Plan Membership:**

Retired participants and beneficiaries receiving benefits	278
Active participants	<u>1,476</u>
Total membership	<u>1,754</u>

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

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

Plan Year Ended June 30	Employer Annual Required Contribution	Employer Amount Contributed	Interest on NPO @ 7%	ARC Adjustment	Amortization Factor	Pension Cost	Change in NPO	NPO Balance
2002	\$ 2,756,102	\$ 2,936,000	\$ 0	\$ 0	9.3741	\$ 2,756,102	\$(179,898)	\$ (179,898)
2003	2,722,342	3,039,000	(13,492)	(18,109)	9.9343	2,726,959	(312,041)	(491,939)
2004	2,570,134	3,260,000	(36,895)	(50,584)	9.7252	2,583,823	(676,177)	(1,168,116)
2005	2,647,128	3,244,000	(87,609)	(120,538)	9.6908	2,680,057	(563,943)	(1,732,059)
2006	2,630,520	3,463,000	(129,904)	(136,424)	12.6962	2,637,040	(825,960)	(2,558,020)
2007	2,888,088	3,599,000	(179,061)	(192,656)	13.2777	2,901,683	(697,317)	(3,255,337)
2008	3,072,635	3,405,000	(227,874)	(245,174)	13.2777	3,089,935	(315,065)	(3,570,402)
2009	4,381,216	4,127,000	(249,928)	(268,903)	13.2777	4,400,191	273,191	(3,297,211)

**Annual Pension Percentage of APC**

Fiscal Year Ending	Cost (APC)	Contributed	Net Pension Obligation (Asset)
12/31/07	2,902	124%	\$ (3,255)
12/31/08	3,090	110%	(3,570)
12/31/09	4,400	94%	(3,297)

*City of Birmingham Unclassified Employees Pension and Relief System* – This system covers laborers not hired under civil service. Employees contribute \$10.00 bi-weekly. The City is required by City ordinance to contribute a sum, computed as a percentage of payroll, to fund the annual cost of the unfunded liability over thirty years. The membership of this plan is closed and is funded by City contributions approximately equal to current benefit payments.

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Liability (AAL)- Actuarial Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	\$ 1,864,000	\$ 1,265,192	\$ (598,808)	147.33%	N/A	N/A
7/1/2008	1,591,000	1,136,772	(454,228)	139.96%	N/A	N/A
7/1/2009	1,128,000	1,083,359	(44,641)	104.12%	N/A	N/A

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

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

*Supplementary information for the Unclassified Employees Pension & Relief Fund:*

<b>Actuarial Valuation:</b>	
Frequency	Annual
Latest Date	7/1/2009
Basis for Contributions	7/1/2009
Cost Method	Aggregate Cost Method
Asset Valuation Method	Market Value
<b>Assumptions:</b>	
Investment Earnings	7.00
Salary Increase	N/A
<b>Plan Membership:</b>	
Retired participants and beneficiaries receiving benefits	29
Active participants	<u>4</u>
Total membership	<u>33</u>

**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 3 beneficiaries.

*Schedule of Employer Contributions:*

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2002	\$ 0	100%
2003	0	100%
2004	0	100%
2005	0	100%
2006	0	100%
2007	0	100%
2008	0	100%
2009	0	100%

*Analysis of Funding Progress:*

This plan is frozen; the City pays benefits as they come due.

*Supplementary information for Firemen's Pension & Relief:*

<b>Actuarial Valuation:</b>	
Frequency	Annual
Latest Date	7/1/2009
Basis for Contributions	7/1/2009
Cost Method	Funded Frozen Plan

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

**Assumptions:**

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

**Policemen's Pension and Relief Fund** – This system covers policemen employed prior to September 1939. There are 4 beneficiaries currently in the plan.

*Schedule of Employer Contributions:*

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

*Analysis of Funding Progress:*

This plan is frozen and has sufficient assets to meet its benefit obligations.

*Supplementary information for Policemen's Pension & Relief:*

**Actuarial Valuation:**

Frequency	Annual
Latest Date	7/1/2009
Basis for Contributions	7/1/2009
Cost Method	Funded Frozen Plan

**Assumptions:**

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

**Limited Firemen's Retirement and Relief System** – This system covers certain designated firemen formerly members of the Firemen's Pension and Relief Fund. Current membership includes 4 beneficiaries.

*Schedule of Employer Contributions:*

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2002	\$ 69,862	100%
2003	51,953	100%
2004	34,926	100%
2005	34,500	100%
2006	28,025	100%
2007	29,927	100%
2008	29,650	100%
2009	26,460	100%

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

*Analysis of Funding Progress:*

This plan is frozen; the City pays benefits as they come due.

*Supplementary information for Limited Firemen's Pension & Relief:*

<b>Actuarial Valuation:</b>	
Frequency	Annual
Latest Date	7/1/2009
Basis for Contributions	7/1/2009
Cost Method	Frozen Plan
<b>Assumptions:</b>	
Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

*Limited Policemen's Retirement and Relief System* – This system covers certain designated policemen formerly members of the Policemen's Pension and Relief Fund. Current membership includes 3 beneficiaries.

*Schedule of Employer Contributions:*

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

*Analysis of Funding Progress:*

This plan is frozen; the City pays benefits as they come due.

*Supplementary information for Limited Policemen's Retirement and Relief:*

<b>Actuarial Valuation:</b>	
Frequency	Annual
Latest Date	7/1/2009
Basis for Contributions	7/1/2009
Cost Method	Frozen Plan
<b>Assumptions:</b>	
Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

Post-Retirement Benefits

In addition to the pension benefits described above, the City provides post-retirement health care benefits to retired employees who are eligible for pension benefits. The plan requires retirees to reduce their life insurance coverage, which retirees are required to pay in its entirety, and in exchange, the City will subsidize a portion of the retiree's health insurance premiums. The amount of the subsidy is based on the type of health insurance coverage chosen by retirees and the percentage of the retiree's life insurance reduction. The City's subsidy for each covered retired employee ranges from \$30 to \$121 per month, and total insurance premiums range from \$12 to \$34 per month for dental insurance and \$116 to \$953 for medical insurance. Expenditures for post-retirement health care insurance costs are made and recognized monthly in the City's financial statements.

The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The actuarial cost method used in this valuation to determine the actuarial accrued liability and the ARC in the entry age normal, level dollar method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. The City has elected to amortize the unfunded actuarial accrued liability over 30 years using a level dollar, closed amortization period. The remaining amortization period at June 30, 2010 was 27 years. The discount rate used for the determination of the expense for fiscal year 2010 is 4.00%. Total claim payments for fiscal year 2010 were approximately \$3.7 million net of participants' and pension plans' contributions. The following table shows the components of the City's annual OPEB cost for fiscal year 2010 and 2009, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

	<b>2010</b>	<b>2009</b>
Annual OPEB Cost	\$ 8,467	\$ 10,207
Contributions Made	(3,700)	(3,600)
Increase in Net OPEB	4,767	6,607
Net OPEB Obligation, beginning of year	13,421	6,814
<b>Net OPEB Obligation, end of year</b>	<b>\$ 18,188</b>	<b>\$ 13,421</b>

The City's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for fiscal year 2010, 2009 and 2008 are as follows (in thousands):

<b>Fiscal Year Ended</b>	<b>Net OPEB Obligation</b>			<b>Net OPEB Obligation End of Year</b>	<b>Percentage Annual OPEB Cost Contributed</b>
	<b>Beginning of year</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>		
2008	\$ 0	\$ 10,314	\$ 3,500	\$ 6,814	33.93%
2009	6,814	10,207	3,600	13,421	35.27%
2010	13,421	8,467	3,700	18,188	43.70%

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

The funded status of the plan as of June 30, 2009 and June 30, 2007 (latest plan valuation dates) are as follows:

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL)- (b)	Unfunded (Overfunded) AAL (UAAL) (b)- (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a)/(c)]
6/30/2007	\$ 0	\$ 97,801	\$ 97,801	0.00%	\$ 168,940	57.89%
6/30/2009	0	77,707	77,707	0.00%	187,456	41.45%

The actuarial accrued liability of \$77,707 includes \$43,541 for active members and \$34,166 for retirees, beneficiaries, dependents, and terminated vested members. This table presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Valuations**

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

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

At June 30, 2009 plan valuation date, membership was as follows:

Current retirees, beneficiaries and dependents receiving medical and prescription drug benefits or life insurance coverage	1,908
Current active members	4,039
<b>Total plan members</b>	<u>5,947</u>

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

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

Year Ending June 30,	Rate (%)	
	Medical	Prescription Drug
2010	9.0%	11.0%
2011	8.5	10.5
2012	8.0	10.0
2013	7.5	9.5
2014	7.0	9.0
2015	6.5	8.5
2016	6.0	8.0
2017	5.5	7.5
2018	5.0	7.0
2019	5.0	6.5
2020	5.0	6.0
2021	5.0	5.5
2022 & Later	5.0	5.0

**J. Subsequent Events**

During August 2010, the City obtained a \$15 million line of credit to be used to reimburse the general fund for prior capital improvements that were funded by the general fund. As of October 2010, the City had drawn \$7 million against this line of credit.

During August 2010, the City, in an effort to reduce its operating costs, has established a Voluntary Retirement Incentive Program (the “Plan”). Under the Plan eligible employees electing to retire can receive a cash payment based on creditable years of service, a payment for a certain amount of accumulated sick leave and a modified medical insurance plan. Such employees must be eligible to retire based upon rules of the City’s Retirement and Relief System. Of the City’s approximately 4,800 employees, approximately 435 employees are eligible for participation in the Plan. The deadline for applying for the Plan was September 17, 2010. As of that date, 350 employees had submitted applications. These employees will receive detailed retirement benefit calculations and other information. The employees are not obligated to retire by submitting the application. The deadline to return a signed Plan Agreement is October 22, 2010 and the deadline to revoke such Agreement is October 29, 2010, at which time the employee must retire and end employment with the City on December 3, 2010. The City estimates that if 50% of the eligible employees elect to retire, annual cost savings of approximately \$14.7 million would result. This amount does not reflect the costs of replacing certain retirees, and an estimate of such costs is not currently available. The initial cost of the incentives is expected to be funded by the transfer of approximately \$9.2 million from an over-funded and closed pension fund, representing a reimbursement to the City for costs and contributions to the fund.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2010

**K. Prior Period Adjustment**

The beginning fund balances and net assets as of July 1, 2009 have been adjusted as follows:

<b>Fund Financial Statements</b>	<b>Fund Balance as Originally Reported</b>	<b>Prior Period Adjustments</b>	<b>Fund Balance as Restated</b>
<b>General Fund:</b>			
Remove estimated claims liability		\$ 1,948	
<b>Total Other Governmental Funds</b>	<b>\$ 94,781</b>	<b>\$ 1,948</b>	<b>\$ 96,729</b>
<b>Other Governmental Funds:</b>			
<b>Grants Fund:</b>			
Recognize prior year revenue posted to deferred revenue		\$ 655	
Recognize prior year revenue		689	
<b>HUD Block Grant Fund:</b>			
Recognize prior year revenue posted to deferred revenue		434	
<b>Public Improvement Fund:</b>			
Recognize prior year revenue posted to deferred revenue		(85)	
<b>Total Other Governmental Funds</b>	<b>\$ 93,655</b>	<b>\$ 1,693</b>	<b>\$ 95,348</b>
<b>Proprietary Fund:</b>			
<b>Emergency Management Communication District:</b>			
To correct accumulated depreciation		\$ (103)	
<b>Total 2002 Bond Fund</b>	<b>\$ (145)</b>	<b>\$ (103)</b>	<b>\$ (248)</b>
<b>Government-wide Financial Statements</b>	<b>Fund Balance as Originally Reported</b>	<b>Prior Period Adjustments</b>	<b>Fund Balance as Restated</b>
To correct accumulated depreciation		\$ 8,086	
Recognize prior year revenue		689	
	<b>\$ 241,742</b>	<b>\$ 8,775</b>	<b>\$ 250,517</b>

City of Birmingham, Alabama  
 Combining Statement of Fiduciary Net Assets  
 Pension Trust Funds  
 June 30, 2010  
 (in thousands)

	Retirement & Relief	Firemen & Policemen Supplemental	Firemen's Pension Relief	Policemen's Pension Relief	Limited Firemen's Pension Relief	Limited Policemen's Pension	Unclassified Pension	Total Pension Trust Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 30,389	\$ 3,915	\$ 9,506	\$ -	\$ -	\$ -	\$ 1,134	\$ 44,944
Receivables:								
Member contributions	-	-	-	-	-	-	-	-
Member loans	11,096	-	-	-	-	-	-	11,096
Interest and dividends	5,228	217	-	-	-	-	-	5,445
Total Receivables	16,324	217	-	-	-	-	-	16,541
Investments, at fair value:								
U.S. government obligations	194,740	9,233	-	-	-	-	-	203,973
Domestic corporate bonds	194,147	15,800	-	-	-	-	-	209,947
Domestic stocks	388,904	13,188	-	-	-	-	-	402,092
Total Investments, at fair value	777,791	38,221	-	-	-	-	-	816,012
Total Assets	824,504	42,353	9,506	-	-	-	1,134	877,497
<b>Liabilities</b>								
Accounts payable and other	675	54	-	-	-	-	-	729
Accrued payroll and payroll taxes payable	284	26	-	-	-	-	-	310
Total Liabilities	959	80	-	-	-	-	-	1,039
<b>Net Assets</b>								
Held in trust for future pension benefits	823,545	42,273	9,506	-	-	-	1,134	876,458
Total Net Assets	\$ 823,545	\$ 42,273	\$ 9,506	\$ -	\$ -	\$ -	\$ 1,134	\$ 876,458

**City of Birmingham, Alabama**  
**Combining Statement of Changes in Plan Net Assets**  
**Pension Trust Funds**  
**For the Year Ended June 30, 2010**  
(in thousands)

	Retirement & Relief	Firemen & Policemen Supplemental	Firemen's Pension Relief	Policemen's Pension Relief	Limited Firemen's Pension Relief	Limited Policemen's Pension	Unclassified Pension	Total Pension Trust Funds
<b>Contributions:</b>								
Employer Contributions	\$ 13,245	\$ 3,945	\$ -	\$ 18	\$ 21	\$ 14	\$ -	\$ 17,243
Plan member contributions	11,947	3,933	-	-	-	-	1	15,881
<b>Investment income:</b>								
Investment earnings	90,306	3,052	4	-	-	-	142	93,504
Securities lending	702	-	-	-	-	-	-	702
Other income	17	-	364	-	-	-	3	384
<b>Total Additions</b>	<b>116,217</b>	<b>10,930</b>	<b>368</b>	<b>18</b>	<b>21</b>	<b>14</b>	<b>146</b>	<b>127,714</b>
<b>Total Additions</b>	<b>116,217</b>	<b>10,930</b>	<b>368</b>	<b>18</b>	<b>21</b>	<b>14</b>	<b>146</b>	<b>127,714</b>
<b>Deductions:</b>								
Benefits	59,278	6,573	31	18	21	14	128	66,063
Refunds of contributions	908	376	-	-	-	-	(8)	1,276
Administrative expenses	328	753	1	-	-	-	20	1,102
Investment Expenses	2,813	207	-	-	-	-	-	3,020
<b>Total Deductions:</b>	<b>63,327</b>	<b>7,909</b>	<b>32</b>	<b>18</b>	<b>21</b>	<b>14</b>	<b>140</b>	<b>71,461</b>
<b>Total Deductions</b>	<b>63,327</b>	<b>7,909</b>	<b>32</b>	<b>18</b>	<b>21</b>	<b>14</b>	<b>140</b>	<b>71,461</b>
<b>Change in Net Assets:</b>								
Net Assets - Beginning	770,655	39,252	9,170	-	-	-	1,128	820,205
Net Assets - Ending	\$ 823,545	\$ 42,273	\$ 9,506	\$ -	\$ -	\$ -	\$ 1,134	\$ 876,458



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## **OTHER SUPPLEMENTARY INFORMATION**

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City of Birmingham, Alabama  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Year Ended June 30, 2010  
(in thousands)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	
<b>Revenues</b>				
Taxes	\$ 247,337	\$ 222,523	\$ 234,848	\$ 12,325
Licenses and permits	97,415	78,830	78,556	(274)
Intergovernmental	14,163	15,903	16,843	940
Charges for services	11,383	11,388	13,874	2,486
Fines and forfeitures	5,213	5,191	5,425	234
Investment income	1,364	924	1,407	483
Other operating revenues	12,563	14,223	8,296	(5,927)
<b>Total Revenues</b>	<b>389,438</b>	<b>348,982</b>	<b>359,249</b>	<b>10,267</b>
<b>Expenditures</b>				
<b>Current Expenditures:</b>				
<b>Public safety:</b>				
Police	85,349	85,047	89,080	(4,033)
Fire	68,412	67,886	66,460	1,426
Planning, Engineering & Permits	14,373	15,224	14,736	488
Traffic Engineering	10,216	10,178	10,699	(521)
Municipal Court	3,758	4,835	4,575	260
Parole Office	750	312	312	-
<b>Street and sanitation:</b>				
Public Works	56,929	57,394	57,709	(315)
<b>Cultural &amp; recreational:</b>				
Park & Recreation	10,251	10,177	11,366	(1,189)
Library	17,124	16,918	16,584	334
Arlington Historical Home	622	591	595	(4)
Boutwell Auditorium	1,206	1,219	1,263	(44)
Museum of Art	3,636	3,651	3,681	(30)
Sloss Furnace	803	765	759	6
Southern Museum of Flight	622	641	671	(30)
State Fairgrounds	766	508	538	(30)
<b>General government:</b>				
Finance	8,307	9,123	9,254	(131)
Equipment Management	5,543	5,529	5,603	(74)
Information Management Services	5,335	5,808	7,776	(1,968)
City Clerk	1,201	2,442	2,326	116
Community Development	855	750	763	(13)
Council Office	3,534	2,928	2,707	221
Legal	3,464	4,020	4,700	(680)
Mayor's Office	6,409	6,597	6,400	197
Personnel	5,348	5,431	6,588	(1,157)
Nondepartmental	37,929	41,898	43,254	(1,356)
<b>Debt Service:</b>				
Principal	8,524	8,710	13,417	(4,707)
Interest and fees	8,679	8,498	4,991	3,507
<b>Capital Outlay:</b>				
Capital outlays	32,243	24,973	4,168	20,805
<b>Total Expenditures</b>	<b>402,188</b>	<b>402,053</b>	<b>390,975</b>	<b>11,078</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(12,750)</b>	<b>(53,071)</b>	<b>(31,726)</b>	<b>(811)</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	1,019	27,278	26,259
Transfers out	-	-	(1)	(1)
<b>Total Other financing sources (uses)</b>	<b>-</b>	<b>1,019</b>	<b>27,277</b>	<b>26,258</b>
<b>Net Change in Fund Balances:</b>	<b>(12,750)</b>	<b>(52,052)</b>	<b>(4,449)</b>	<b>47,603</b>
Beginning fund balance as originally reported	94,781	94,781	94,781	-
Prior period adjustments	-	-	1,948	1,948
Fund balance as restated	-	-	96,729	96,729
<b>Fund Balance - Ending</b>	<b>\$ 82,031</b>	<b>\$ 42,729</b>	<b>\$ 92,280</b>	<b>49,551</b>

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

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

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

### **Debt Service Funds**

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

## **Nonmajor Governmental Funds**

### **Capital Projects Funds**

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

**Other capital project funds** are used to account for the proceeds and uses of specific general obligation bonds and warrants.

**City of Birmingham, Alabama**  
**Combined Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2010**  
**(in thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 18,443	\$ 7,002	\$ 60,768	\$ 86,213
Cash with fiscal agent	-	1,952	-	1,952
Receivables:				
Accrued interest	4	-	160	164
Accrued taxes	-	-	114	114
Accounts (net of uncollectibles)	1,246	-	-	1,246
Notes (net of uncollectibles)	277	-	-	277
Loans	1,410	-	-	1,410
Due from other governments	1,133	-	-	1,133
Special assessments	-	-	10,651	10,651
Other	54	-	-	54
<b>Total Assets</b>	<b>\$ 22,567</b>	<b>\$ 8,954</b>	<b>\$ 71,693</b>	<b>\$ 103,214</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Bank overdraft	2,738	-	-	2,738
Accounts and vouchers payable	2,731	1,464	1,823	6,018
Contracts payable-retainage	31	290	379	700
Accrued payroll and payroll taxes payable	273	-	-	273
Deferred revenue	292	-	10,765	11,057
Other liabilities	68	-	-	68
<b>Total Liabilities</b>	<b>6,133</b>	<b>1,754</b>	<b>12,967</b>	<b>20,854</b>
<b>Fund Balances:</b>				
Reserved for debt service	-	10,866	-	10,866
Reserved for capital projects	18,300	-	58,726	77,026
Unreserved:				
Unreserved	(1,866)	(3,666)	-	(5,532)
<b>Total Fund Balances</b>	<b>16,434</b>	<b>7,200</b>	<b>58,726</b>	<b>82,360</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 22,567</b>	<b>\$ 8,954</b>	<b>\$ 71,693</b>	<b>\$ 103,214</b>

City of Birmingham, Alabama  
 Combining Balance Sheets  
 Nonmajor Governmental Funds  
 June 30, 2010  
 (in thousands)  
 (1 of 3)

	Special Revenue Funds							Debt Service Funds		
	Neighborhood Allocation	Grants Fund	Technology	Correction Fund	BWWB Proceeds	HUD Block Grant Fund	Home Fund	Total	Tax Increment Financing	Total
<b>Assets</b>										
Cash and investments	12,570	\$ -	\$ 56	\$ 3,425	\$ 2,392	\$ -	\$ -	\$ 18,443	\$ 7,002	\$ 7,002
Cash with fiscal agent	-	-	-	-	-	-	-	-	1,952	1,952
Receivables:										
Accrued interest	4	-	-	-	-	-	-	4	-	-
Accrued taxes	-	-	-	-	-	-	-	-	-	-
Accounts (net of uncollectibles)	-	823	-	4	-	5	414	1,246	-	-
Notes (net of uncollectibles)	277	-	-	-	-	-	-	277	-	-
Loans	430	-	-	-	-	980	-	1,410	-	-
Due from other governments	-	-	-	-	-	-	1,133	1,133	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-
Other	54	-	-	-	-	-	-	54	-	-
<b>Total Assets</b>	<b>\$ 13,335</b>	<b>\$ 823</b>	<b>\$ 56</b>	<b>\$ 3,429</b>	<b>\$ 2,392</b>	<b>\$ 985</b>	<b>\$ 1,547</b>	<b>\$ 22,567</b>	<b>\$ 8,954</b>	<b>\$ 8,954</b>
<b>Liabilities and Fund Balances</b>										
<b>Liabilities:</b>										
Bank overdraft	-	2,066	-	-	-	60	612	2,738	-	-
Accounts and vouchers payable	443	1,097	-	15	6	244	926	2,731	1,464	1,464
Contracts payable-retainage	2	-	-	17	8	4	-	31	290	290
Accrued payroll and payroll taxes payable	-	29	-	73	-	162	9	273	-	-
Deferred revenue	292	-	-	-	-	-	-	292	-	-
Other liabilities	57	14	-	(1)	-	(2)	-	68	-	-
<b>Total Liabilities</b>	<b>794</b>	<b>3,206</b>	<b>-</b>	<b>104</b>	<b>14</b>	<b>468</b>	<b>1,547</b>	<b>6,133</b>	<b>1,754</b>	<b>1,754</b>
<b>Fund Balances:</b>										
Reserved for debt service	-	-	56	-	-	-	-	56	10,866	10,866
Reserved for capital projects	12,541	-	-	3,325	2,378	-	-	18,300	-	-
Unreserved:										
Unreserved	-	(2,383)	-	-	-	517	-	(1,866)	(3,666)	(3,666)
<b>Total Fund Balances</b>	<b>12,541</b>	<b>(2,383)</b>	<b>56</b>	<b>3,325</b>	<b>2,378</b>	<b>517</b>	<b>-</b>	<b>16,434</b>	<b>7,200</b>	<b>7,200</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 13,335</b>	<b>\$ 823</b>	<b>\$ 56</b>	<b>\$ 3,429</b>	<b>\$ 2,392</b>	<b>\$ 985</b>	<b>\$ 1,547</b>	<b>\$ 22,567</b>	<b>\$ 8,954</b>	<b>\$ 8,954</b>

City of Birmingham, Alabama  
 Combining Balance Sheets  
 Nonmajor Governmental Funds  
 June 30, 2010  
 (in thousands)  
 (2 of 3)

	Capital Projects Funds (1 of 2)									
	1992 Bonds	1993 Bonds	1995 Bonds	1997 Bonds	1998-A Bonds	1998-A Warrants	1998-B Warrants	1999-B Bonds		
<b>Assets</b>										
Cash and investments	575	52	621	671	1,551	102	1,042	985	429	
Cash with fiscal agent	-	-	-	-	-	-	-	-	-	-
Receivables:										
Accrued interest	-	-	-	-	-	-	-	-	-	-
Accrued taxes	114	-	-	-	-	-	-	-	-	-
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-	-	-
Notes (net of uncollectibles)	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Special assessments	10,651	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>11,340</b>	<b>52</b>	<b>621</b>	<b>671</b>	<b>1,551</b>	<b>102</b>	<b>1,042</b>	<b>985</b>	<b>429</b>	
<b>Liabilities and Fund Balances</b>										
Liabilities:										
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Accounts and vouchers payable	-	-	-	-	2	-	-	-	-	-
Contracts payable-retainage	-	-	-	-	-	-	-	-	-	12
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	-	-	-	-
Deferred revenue	10,765	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>10,765</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>	
<b>Fund Balances:</b>										
Reserved for debt service	-	-	-	-	-	-	-	-	-	-
Reserved for capital projects	575	52	621	671	1,549	102	1,042	985	417	
Unreserved:										
Unreserved	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>575</b>	<b>52</b>	<b>621</b>	<b>671</b>	<b>1,549</b>	<b>102</b>	<b>1,042</b>	<b>985</b>	<b>417</b>	
<b>Total Liabilities and Fund Balances</b>	<b>11,340</b>	<b>52</b>	<b>621</b>	<b>671</b>	<b>1,551</b>	<b>102</b>	<b>1,042</b>	<b>985</b>	<b>429</b>	

City of Birmingham, Alabama  
 Combining Balance Sheets  
 Nonmajor Governmental Funds  
 June 30, 2010  
 (in thousands)  
 (3 of 3)

	Capital Projects Funds (2 of 2)							Total Nonmajor Governmental Funds	
	2000-A Warrants	2001-A School Warrants	2002 Bonds	2004-A Warrants	2006-C G.O. Warrants	2007-B G.O. Warrants	2007-A G. O. Bonds		2009-A Warrants
<b>Assets</b>									
Cash and investments	765	122	4,298	-	5,064	8,293	36,051	147	60,768
Cash with fiscal agent	-	-	-	-	-	-	-	-	86,213
Receivables:									1,952
Accrued interest	-	-	7	-	-	-	153	-	160
Accrued taxes	-	-	-	-	-	-	-	-	114
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-	1,246
Notes (net of uncollectibles)	-	-	-	-	-	-	-	-	277
Loans	-	-	-	-	-	-	-	-	1,410
Due from other governments	-	-	-	-	-	-	-	-	1,133
Special assessments	-	-	-	-	-	-	-	-	10,651
Other	-	-	-	-	-	-	-	-	54
<b>Total Assets</b>	<b>765</b>	<b>122</b>	<b>4,305</b>	<b>5,064</b>	<b>8,293</b>	<b>147</b>	<b>36,204</b>	<b>147</b>	<b>71,693</b>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Bank overdraft	-	-	-	-	-	-	-	-	2,738
Accounts and vouchers payable	-	-	7	-	899	503	417	-	6,018
Contracts payable-retainage	-	-	64	-	117	42	144	-	379
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	-	-	700
Deferred revenue	-	-	-	-	-	-	-	-	273
Other liabilities	-	-	-	-	-	-	-	-	11,057
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>1,016</b>	<b>545</b>	<b>-</b>	<b>561</b>	<b>-</b>	<b>20,854</b>
<b>Fund Balances:</b>									
Reserved for debt service	-	-	-	-	-	-	-	-	10,866
Reserved for capital projects	765	122	4,239	4,048	7,748	147	35,643	147	58,726
Unreserved	-	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>765</b>	<b>122</b>	<b>4,239</b>	<b>4,048</b>	<b>7,748</b>	<b>147</b>	<b>35,643</b>	<b>147</b>	<b>82,360</b>
<b>Total Liabilities and Fund Balances</b>	<b>765</b>	<b>122</b>	<b>4,305</b>	<b>5,064</b>	<b>8,293</b>	<b>147</b>	<b>36,204</b>	<b>147</b>	<b>103,214</b>

**City of Birmingham, Alabama**  
**Combined Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2010**  
(in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ -	\$ 685	-	\$ 685
Intergovernmental	21,773	-	-	21,773
Charges for services	69	-	-	69
Fines and forfeitures	1,345	-	-	1,345
Investment income	25	3	376	404
Other operating revenues	575	167	130	872
<b>Total Revenues</b>	<b>23,787</b>	<b>855</b>	<b>506</b>	<b>25,148</b>
<b>Expenditures</b>				
Current Expenditures:				
Public safety:				
Police	1,074	-	-	1,074
Fire	856	-	-	856
Planning, Engineering & Permits	516	-	4,020	4,536
Municipal Court	1,922	-	-	1,922
Nondepartmental	1	-	96	97
Street and sanitation:				
Public Works	30	-	132	162
Cultural & recreational:				
Park & Recreation	94	-	2,110	2,204
Nondepartmental	-	-	38	38
General government:				
Finance	477	-	-	477
Information Management Services	9	-	-	9
Community Development	21,347	-	-	21,347
Nondepartmental	2,776	89	9,855	12,720
Debt Service:				
Principal	-	7,368	-	7,368
Interest and fees	-	823	300	1,123
Capital Outlay:				
Capital outlays	1,493	2,709	1,311	5,513
Total Expenditures	30,595	10,989	17,862	59,446
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,808)	(10,134)	(17,356)	(34,298)
Other financing sources (uses):				
Proceeds from issuance of debt	-	21,000	-	21,000
Issuance of refunding bonds	-	-	19,960	19,960
Refunded bonds redeemed	-	-	(19,967)	(19,967)
(Premium)/Discount on debt issuance	1	-	316	316
Transfers in	1	-	138	139
Transfers out	-	-	(138)	(138)
Total Other financing sources (uses)	1	21,000	309	21,310
Net Change in Fund Balances:	(6,807)	10,866	(17,047)	(12,988)
Beginning fund balance as originally reported	21,463	(3,666)	75,888	93,685
Prior period adjustments	1,778	-	(85)	1,693
Fund balance as restated	23,241	(3,666)	75,773	95,348
<b>Fund Balances - Ending</b>	<b>16,434</b>	<b>7,200</b>	<b>58,726</b>	<b>82,360</b>

City of Birmingham, Alabama  
 Combining Statements of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2010  
 (in thousands)  
 (1 of 3)

	Special Revenue Funds						Debt Service Funds			
	Neighborhood Allocation	Grants Fund	Technology	Correction Fund	BVWVB Proceeds	HUD Block Grant Fund	Home Fund	Total	Tax Increment Financing	Total
<b>Revenues</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685
Intergovernmental	-	9,145	-	-	-	6,810	5,818	21,773	-	-
Charges for services	69	-	-	-	-	-	-	69	-	-
Fines and forfeitures	-	44	65	1,236	-	-	-	1,345	-	-
Investment income	26	-	-	(5)	4	-	-	25	3	3
Other operating revenues	575	-	-	-	-	-	-	575	167	167
<b>Total Revenues</b>	<b>670</b>	<b>9,189</b>	<b>65</b>	<b>1,231</b>	<b>4</b>	<b>6,810</b>	<b>5,818</b>	<b>23,787</b>	<b>167</b>	<b>855</b>
<b>Expenditures</b>										
<b>Current Expenditures:</b>										
Public safety:										
Police	234	716	-	104	-	-	-	1,074	-	-
Fire	14	842	-	-	-	-	-	856	-	-
Planning, Engineering & Permits	-	420	-	96	-	-	-	516	-	-
Municipal Court	-	229	32	1,661	-	-	-	1,922	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Street and sanitation:										
Public Works	29	-	-	-	1	-	-	30	-	-
Cultural & recreational:										
Park & Recreation	89	3	-	-	-	-	-	94	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-
General government:										
Finance	-	477	-	-	-	-	-	477	-	-
Information Management Services	-	-	-	-	9	-	-	9	-	-
Community Development	3,209	5,593	-	-	-	6,727	5,818	21,347	-	-
Nondepartmental	895	1,421	-	-	460	-	-	2,776	89	89
Debt Service:										
Principal	-	-	-	-	-	-	-	-	7,368	7,368
Interest and fees	-	-	-	-	-	-	-	-	823	823
<b>Capital Outlays:</b>										
Capital outlays	67	1,366	-	60	-	-	-	1,493	2,709	2,709
<b>Total Expenditures</b>	<b>4,557</b>	<b>11,069</b>	<b>32</b>	<b>1,922</b>	<b>470</b>	<b>6,727</b>	<b>5,818</b>	<b>30,595</b>	<b>10,989</b>	<b>10,989</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(3,887)</b>	<b>(1,880)</b>	<b>33</b>	<b>(691)</b>	<b>(466)</b>	<b>83</b>	<b>-</b>	<b>(6,808)</b>	<b>(10,134)</b>	<b>(10,134)</b>
<b>Other financing sources (uses):</b>										
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	21,000	21,000
Issuance of refunding bonds	-	-	-	-	-	-	-	-	-	-
Refunded bonds redeemed	-	-	-	-	-	-	-	-	-	-
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	1	-	-	-	-	-	-	1	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
<b>Total Other financing sources (uses)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>21,000</b>	<b>21,000</b>
<b>Net Change in Fund Balances:</b>	<b>(3,886)</b>	<b>(1,880)</b>	<b>33</b>	<b>(691)</b>	<b>(466)</b>	<b>83</b>	<b>-</b>	<b>(6,807)</b>	<b>10,866</b>	<b>10,866</b>
Beginning fund balance as originally reported	16,427	1,847	23	4,016	2,844	434	-	21,463	(3,666)	(3,666)
Prior period adjustments	-	-	-	-	-	-	-	-	-	-
Fund balance as restated	16,427	(503)	23	4,016	2,844	434	-	1,778	-	-
<b>Fund Balances - Ending</b>	<b>12,541</b>	<b>(3,333)</b>	<b>56</b>	<b>3,325</b>	<b>2,378</b>	<b>517</b>	<b>\$ -</b>	<b>16,434</b>	<b>(3,666)</b>	<b>(3,666)</b>
										<b>7,200</b>

City of Birmingham, Alabama  
**Combining Statements of Revenue, Expenditures, and Changes in Fund Balances**  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2010  
 (in thousands)  
 (2 of 3)

	Capital Projects Funds (1 of 2)							
	1992 Bonds	1993 Bonds	1995 Bonds	1997 Bonds	1998-A Bonds	1998-A Warrants	1998-B Warrants	1999-B Bonds
<b>Revenues</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Investment income	8	-	2	3	-	-	-	2
Other operating revenues	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>8</b>	<b>-</b>	<b>2</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
<b>Expenditures</b>								
<b>Current Expenditures:</b>								
Public safety:								
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	-	-	-	-	-	-	-	-
Municipal Court	4	-	-	-	-	-	11	28
Nondepartmental	-	-	-	-	-	-	-	-
Street and sanitation:								
Public Works	-	26	-	26	-	-	20	-
Cultural & recreational:								
Park & Recreation	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-
General government:								
Finance	-	-	-	-	-	-	-	-
Information Management Services	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Nondepartmental	2	-	-	-	-	-	-	-
Debt Service:								
Principal	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-
Capital Outlay:								
Capital outlays	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>2</b>	<b>4</b>	<b>26</b>	<b>26</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>28</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>6</b>	<b>(4)</b>	<b>(24)</b>	<b>2</b>	<b>(23)</b>	<b>-</b>	<b>(86)</b>	<b>(26)</b>
<b>Other financing sources (uses):</b>								
Proceeds from issuance of debt	-	-	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	-
Refunded bonds redeemed	-	-	-	-	-	-	-	-
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-
<b>Total Other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances:</b>	<b>6</b>	<b>(4)</b>	<b>(24)</b>	<b>2</b>	<b>(23)</b>	<b>-</b>	<b>(86)</b>	<b>(26)</b>
Beginning fund balance as originally reported	654	-	647	669	1,572	1,042	1,071	443
Prior period adjustments	(85)	-	-	-	-	-	-	-
Fund balance as restated	569	36	647	669	1,572	1,042	1,071	443
Fund Balances - Ending	575	32	621	671	1,549	1,042	985	417

City of Birmingham, Alabama  
 Combining Statements of Revenue, Expenditures, and Change in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2010  
 (in thousands)  
 (3 of 3)

	Capital Projects Funds (2 of 2)							Total	Total Nonmajor Governmental Funds
	2000-A Warrants	2001-A School Warrants	2002 Bonds	2004-A Warrants	2006-C G.O. Warrants	2007-B G.O. Warrants	2009-A Warrants		
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685
Intergovernmental	-	-	-	-	-	-	-	-	21,773
Charges for services	-	-	-	-	-	-	-	-	69
Fines and forfeitures	-	-	-	-	-	-	-	-	1,345
Investment income	3	1	(31)	-	38	40	310	376	404
Other operating revenues	-	-	130	-	-	-	-	-	872
<b>Total Revenues</b>	<b>3</b>	<b>1</b>	<b>99</b>	<b>-</b>	<b>38</b>	<b>40</b>	<b>310</b>	<b>-</b>	<b>25,148</b>
<b>Expenditures</b>									
<b>Current Expenditures:</b>									
Public safety:									
Police	-	-	-	-	-	-	-	-	1,074
Fire	-	-	-	-	-	-	-	-	856
Planning, Engineering & Permits	52	-	-	-	-	1,436	2,489	-	4,020
Municipal Court	-	-	-	-	-	-	-	-	1,922
Nondepartmental	-	-	-	-	-	-	-	-	96
Street and sanitation:	-	-	96	-	-	-	-	-	132
Public Works	-	-	60	-	-	-	-	-	162
Cultural & recreational:	-	-	-	-	-	-	-	-	2,204
Park & Recreation	-	-	71	-	-	2,039	38	-	38
Nondepartmental	-	-	-	-	-	-	-	-	477
General government:	-	-	-	-	-	-	-	-	21,347
Finance	-	-	-	-	-	-	-	-	12,720
Information Management Services	-	-	-	-	-	-	-	-	9
Community Development	-	-	-	-	-	-	-	-	4,352
Nondepartmental	-	12	11	-	3,369	109	4,352	-	9,855
Debt Service:									
Principal	-	-	-	-	-	-	-	-	7,368
Interest and fees	-	-	-	-	-	-	-	-	1,123
Capital Outlays:									
Capital outlays	-	-	50	-	-	-	1,206	-	1,311
Total Expenditures	52	12	288	-	3,369	3,384	8,085	300	17,862
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49)	(11)	(189)	-	(3,331)	(3,544)	(7,775)	(300)	(17,356)
Other financing sources (uses):									
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	21,000
Issuance of refunding bonds	-	-	-	-	-	-	-	19,960	19,960
Refunded bonds redeemed	-	-	-	-	-	-	-	(19,967)	(19,967)
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	316	316
Transfers in	-	-	-	-	-	-	-	138	139
Transfers out	-	-	-	(138)	-	-	-	-	(138)
Total Other financing sources (uses)	(49)	(11)	(189)	(138)	(3,331)	(3,544)	(7,775)	447	21,310
Net Change in Fund Balances:	814	133	4,428	138	9,379	11,292	43,418	147	(17,047)
Prior period adjustments	-	-	-	-	-	-	-	-	75,858
Fund balance as restated	814	133	4,428	138	9,379	11,292	43,418	-	85
Fund Balances - Ending	765	122	4,239	-	4,048	7,748	35,643	147	58,726



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# Statistical Section

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

## Financial Trends

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

## Revenue Capacity

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

## Debt Capacity

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

## Demographic and Economic Information

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

## Operating Information

These schedules present data regarding the City's services and infrastructure.

**NOTE:** Information in the statistical section is provided for the 7 years since implementation of Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments (MD&A). Information for the four years prior to 2002 is not readily available.





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

Table A-1

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities:</b>								
Invested in capital assets, net of related debt	\$78,637	\$62,685	(\$18,295)	\$53,708	\$73,876	\$74,322	\$65,727	\$72,325
Restricted	117,253	114,982	361,917	205,388	271,686	277,817	264,602	157,454
Unrestricted	181,986	168,581	(25,033)	24,187	(91,459)	(78,863)	(88,588)	(51,384)
<b>Total governmental activities net assets</b>	<b>377,876</b>	<b>346,248</b>	<b>318,589</b>	<b>283,283</b>	<b>254,103</b>	<b>\$273,276</b>	<b>\$241,741</b>	<b>\$178,395</b>
<b>Business-type activities:</b>								
Invested in capital assets, net of related debt	871	784	764	942	922	901	1,022	855
Unrestricted	844	540	290	(8)	74	(464)	(1,167)	(1,522)
<b>Total business-type activities net assets</b>	<b>1,715</b>	<b>1,324</b>	<b>1,054</b>	<b>934</b>	<b>996</b>	<b>437</b>	<b>(145)</b>	<b>(667)</b>
<b>Primary Government:</b>								
Invested in capital assets, net of related debt	79,508	63,469	(17,531)	54,650	74,798	75,223	66,749	73,180
Restricted	117,253	114,982	361,917	205,388	271,686	277,817	264,602	157,454
Unrestricted	182,830	169,121	(24,743)	24,179	(91,385)	(79,327)	(89,755)	(52,906)
<b>Total primary government net assets</b>	<b>379,591</b>	<b>347,572</b>	<b>319,643</b>	<b>284,217</b>	<b>255,099</b>	<b>273,713</b>	<b>241,596</b>	<b>177,728</b>

Source: City Finance Department Data

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

Table A-2  
(1 of 2)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
<b>Expenses:</b>				
<b>Governmental activities:</b>				
General government	\$91,771	\$84,411	\$94,662	\$122,163
Public safety	140,226	138,260	160,097	181,014
Streets & sanitation	93,381	97,657	80,229	68,749
Culture & recreation	41,657	39,359	39,047	38,547
Interest on long-term debt	15,115	13,179	13,000	22,414
<b>Total governmental activities expenses</b>	<b>382,150</b>	<b>372,866</b>	<b>387,035</b>	<b>432,887</b>
<b>Business-type activities:</b>				
E-911 Services	3,168	3,471	3,258	3,157
<b>Total primary government expenses</b>	<b>\$385,318</b>	<b>\$376,337</b>	<b>\$390,293</b>	<b>\$436,044</b>
<b>Program Revenues:</b>				
<b>Governmental activities:</b>				
<b>Charges for services</b>				
<b>General government:</b>				
Business licenses & permits	46,811	48,687	50,334	54,951
Non-business licenses & permits	3,947	4,089	5,288	5,613
Public safety	18,821	18,736	18,328	17,244
Streets & sanitation	1,275	1,438	1,533	1,706
Culture & recreation	1,316	1,195	999	977
Operating grants and contributions	13,385	18,051	13,797	8,221
<b>Total governmental activities program revenues</b>	<b>85,555</b>	<b>92,196</b>	<b>90,279</b>	<b>88,712</b>
<b>Business-type activities:</b>				
E-911 Services	3,126	3,058	2,954	2,998
<b>Total primary government program revenues</b>	<b>\$88,681</b>	<b>\$95,254</b>	<b>\$93,233</b>	<b>\$91,710</b>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(\$296,595)	(\$280,670)	(\$296,756)	(\$344,175)
Business-type activities	(42)	(413)	(304)	(159)
	<u>(\$296,637)</u>	<u>(\$281,083)</u>	<u>(\$297,060)</u>	<u>(\$344,334)</u>
<b>General Revenues and Other Changes in Net Assets:</b>				
<b>Governmental activities:</b>				
<b>Taxes:</b>				
Sales and use taxes	\$101,434	\$100,608	\$107,271	\$109,085
Occupational taxes	64,522	65,537	69,346	72,297
Property taxes	42,858	48,596	50,618	52,669
Unrestricted grants and contributions	18,249	18,434	21,618	19,585
Investment earnings	18,023	9,304	12,562	10,834
Other	18,006	6,563	7,682	10,189
<b>Total governmental activities</b>	<b>263,092</b>	<b>249,042</b>	<b>269,097</b>	<b>274,659</b>
<b>Business-type activities:</b>				
Investment earnings	29	22	34	39
<b>Total primary government</b>	<b>\$263,121</b>	<b>\$249,064</b>	<b>\$269,131</b>	<b>\$274,698</b>
<b>Change (decrease) in Net Assets:</b>				
Governmental activities	(\$33,503)	(\$31,628)	(\$27,659)	(\$69,516)
Business-type activities	(13)	(391)	(270)	(120)
<b>Total primary government</b>	<b>(\$33,516)</b>	<b>(\$32,019)</b>	<b>(\$27,929)</b>	<b>(\$69,636)</b>

Source: City Finance Department Data

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

Table A-2  
(2 of 2)

	Fiscal Year Ended June 30,			2010
	2007	2008	2009	
<b>Expenses:</b>				
<b>Governmental activities:</b>				
General government	\$106,000	\$ 88,799	\$ 121,554	\$ 163,581
Public safety	163,704	163,149	169,083	210,132
Streets & sanitation	95,381	93,821	121,848	59,822
Culture & recreation	42,222	43,895	36,132	41,907
Interest on long-term debt	23,989	27,643	25,381	21,473
<b>Total governmental activities expenses</b>	<b>431,296</b>	<b>417,307</b>	<b>473,998</b>	<b>496,915</b>
<b>Business-type activities:</b>				
E-911 Services	3,196	3,935	4,044	4,937
<b>Total primary government expenses</b>	<b>\$434,492</b>	<b>\$421,242</b>	<b>\$478,042</b>	<b>\$501,852</b>
<b>Program Revenues:</b>				
<b>Governmental activities:</b>				
<b>Charges for services</b>				
<b>General government:</b>				
Business licenses & permits	60,002	85,721	91,493	82,726
Non-business licenses & permits	5,347	5,342	4,506	3,747
Public safety	17,327	14,739	17,502	21,488
Streets & sanitation	1,971	1,450	1,577	595
Culture & recreation	1,252	1,275	1,341	1,327
Operating grants and contributions	18,606	19,830	15,094	18,898
<b>Total governmental activities program revenues</b>	<b>104,505</b>	<b>128,357</b>	<b>131,513</b>	<b>128,781</b>
<b>Business-type activities:</b>				
E-911 Services	3,156	3,308	3,447	4,517
<b>Total primary government program revenues</b>	<b>\$107,661</b>	<b>\$131,665</b>	<b>\$134,960</b>	<b>\$133,298</b>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(\$326,791)	(\$288,950)	(\$342,485)	\$368,134
Business-type activities	(40)	(627)	(597)	420
	<b>(\$326,831)</b>	<b>(\$289,577)</b>	<b>(\$343,082)</b>	<b>\$368,554</b>
<b>General Revenues and Other Changes in Net Assets:</b>				
<b>Governmental activities:</b>				
<b>Taxes:</b>				
Sales and use taxes	\$109,665	\$129,732	\$131,904	\$127,197
Occupational taxes	75,269	76,918	76,325	73,008
Property taxes	54,920	62,698	61,663	56,699
Unrestricted grants and contributions	23,853	19,975	26,060	23,730
Investment earnings	21,168	10,684	(4,201)	8,233
Other	12,736	8,116	8,407	7,145
<b>Total governmental activities</b>	<b>297,611</b>	<b>308,123</b>	<b>300,158</b>	<b>296,012</b>
<b>Business-type activities:</b>				
Investment earnings	102	68	15	1
<b>Total primary government</b>	<b>\$297,713</b>	<b>\$308,191</b>	<b>\$300,173</b>	<b>\$296,013</b>
<b>Change (decrease) in Net Assets:</b>				
Governmental activities	(\$29,180)	\$19,173	(\$42,327)	(\$72,122)
Business-type activities	62	(559)	(582)	(419)
<b>Total primary government</b>	<b>(\$29,118)</b>	<b>\$18,614</b>	<b>(\$42,909)</b>	<b>(\$72,541)</b>

Source: City Finance Department Data

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

Table A-3

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>								
Reserved	\$6,892	\$5,417	\$13,969	\$7,584	\$10,448	\$11,417	\$280	\$253
Unreserved	81,120	78,316	60,209	70,389	85,368	106,065	94,501	92,027
<b>Total general fund</b>	<b>\$88,012</b>	<b>\$83,733</b>	<b>\$74,178</b>	<b>\$77,973</b>	<b>\$95,816</b>	<b>\$117,482</b>	<b>\$94,781</b>	<b>\$92,280</b>
<b>Other Governmental Funds:</b>								
Reserved, reported in:								
Special revenue funds	\$267,364	\$250,697	\$216,063	\$160,123	\$134,246	\$113,754	\$96,755	\$77,026
Debt service funds	64,246	61,310	53,097	46,674	45,394	44,216	40,175	50,947
Capital projects funds	132,461	106,470	99,964	76,151	155,487	160,696	138,479	94,500
<b>Unreserved, reported in:</b>	<b>464,071</b>	<b>418,477</b>	<b>369,124</b>	<b>282,948</b>	<b>335,127</b>	<b>318,666</b>	<b>275,409</b>	<b>222,473</b>
Special revenue funds	(2,351)	(3,618)	(2,663)	(1,744)	(2,278)	(2,484)	(1,847)	(1,866)
Debt service funds	(2,889)	(274)					(3,666)	(5,805)
Capital projects funds	(5,240)	(4,394)	(731)	(102)	(2,278)	(2,484)	(5,513)	(7,671)
<b>Total other governmental funds</b>	<b>\$458,831</b>	<b>\$414,083</b>	<b>\$365,730</b>	<b>\$281,102</b>	<b>\$332,849</b>	<b>\$433,664</b>	<b>\$364,677</b>	<b>\$307,082</b>

Source: City Finance Department Data

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

Table A-4

	2003	2004	2005	2006	2007	2008	2009	2010
<b>REVENUES:</b>								
Taxes	\$208,814	\$214,741	\$217,235	\$234,051	\$239,854	\$269,348	\$276,738	\$263,398
Licenses and permits	50,758	52,776	55,672	60,564	65,349	91,063	87,525	78,556
Intergovernmental	31,568	30,428	33,699	39,273	41,669	39,885	41,327	44,398
Charges for services	16,300	16,776	16,119	15,746	16,432	12,927	14,069	13,943
Fines and forfeitures	5,112	4,993	4,741	4,181	4,118	4,537	7,944	6,770
Investment income	18,038	9,304	12,562	10,834	21,168	10,884	(4,199)	8,235
Other operating revenues	16,752	7,213	6,865	5,471	9,934	8,157	7,622	9,168
<b>TOTAL REVENUES</b>	<b>347,342</b>	<b>335,031</b>	<b>356,840</b>	<b>378,120</b>	<b>398,524</b>	<b>436,521</b>	<b>431,026</b>	<b>426,368</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Public safety	136,268	137,803	140,215	145,688	148,485	155,128	171,188	194,348
Street and sanitation	71,283	71,481	77,573	68,483	64,359	66,788	52,414	57,871
Cultural and recreational	48,439	38,138	37,854	38,547	40,752	42,480	34,990	37,699
General government	87,219	81,859	91,708	136,133	102,804	82,481	118,000	141,660
Other	1,855		416		242	139		
<b>Total current operations</b>	<b>337,051</b>	<b>329,201</b>	<b>347,350</b>	<b>379,267</b>	<b>356,642</b>	<b>347,208</b>	<b>382,622</b>	<b>431,578</b>
<b>Debt service:</b>								
Principal	24,041	9,345	19,467	23,669	24,918	27,424	25,935	42,466
Interest	17,528	16,390	18,180	15,975	20,598	25,418	24,204	24,302
<b>Total debt service</b>	<b>41,569</b>	<b>25,695</b>	<b>37,637</b>	<b>39,644</b>	<b>45,516</b>	<b>52,842</b>	<b>50,139</b>	<b>66,762</b>
Capital outlays	32,405	53,474	31,079	38,075	34,641	31,749	91,751	10,983
Warrant/bond issue costs	2,684	548	217	541	11,772			
<b>TOTAL EXPENDITURES</b>	<b>413,629</b>	<b>408,915</b>	<b>416,283</b>	<b>457,527</b>	<b>448,481</b>	<b>431,799</b>	<b>526,513</b>	<b>508,913</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(66,287)</b>	<b>(73,884)</b>	<b>(59,443)</b>	<b>(87,407)</b>	<b>(49,957)</b>	<b>4,722</b>	<b>(95,487)</b>	<b>(82,545)</b>
<b>Other financing sources (uses):</b>								
Proceeds from sale of property	197,000	568	887	4,812	4,634	278		21,800
Proceeds of issuance of debt								19,960
Issuance of refunding bonds	135,735	23,090	8,985	28,230	316,880			(19,967)
Refunded bonds redeemed								
Capital lease	4,409		431	1,845			26,500	
Premiums/(discounts) on warrants/bonds	6,035	(35)	(35)	1,767	12,300			316
Payments to escrow agent	(69,514)		(8,733)	(30,880)	(214,567)			
Transfers in	229,415	32,889	63,764	48,221	40,559	69,971	65,256	59,742
Transfers out	(229,415)	(32,889)	(63,764)	(48,221)	(40,559)	(69,971)	(65,256)	(59,742)
Net other financing sources	<b>373,665</b>	<b>24,658</b>	<b>1,535</b>	<b>6,574</b>	<b>119,547</b>	<b>278</b>	<b>26,500</b>	<b>21,309</b>
<b>Net change in fund balances</b>	<b>207,378</b>	<b>(69,026)</b>	<b>(57,908)</b>	<b>(80,033)</b>	<b>69,590</b>	<b>5,000</b>	<b>(68,967)</b>	<b>(61,236)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>11.78%</b>	<b>7.10%</b>	<b>10.58%</b>	<b>10.80%</b>	<b>11.60%</b>	<b>14.28%</b>	<b>13.10%</b>	<b>15.37%</b>

Source: City Finance Department Data

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

Table B-1

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008 *	2009	2010
Sales and Use Tax Revenue	\$101,834	\$100,608	\$107,271	\$109,085	\$109,665	\$129,732	\$131,904	\$127,197
Percentage Change from Prior Year	-19.94%	-1.20%	6.62%	1.69%	0.53%	18.30%	1.67%	-3.57%
<b>Breakdown of Sales/Use Tax By Industry Type:</b>								
Apparel	6,150	5,594	5,950	5,001	6,298	6,402	6,190	6,685
Automotive, RV's, Motor Homes	10,150	9,419	9,154	8,581	9,951	10,787	9,845	10,312
Building & Construction Related	8,976	10,013	11,103	10,241	11,836	11,423	14,551	12,667
Communications	1,506	1,794	1,481	1,520	1,866	2,182	2,677	2,155
Equipment & Machinery	8,228	9,422	9,633	8,636	10,680	10,758	10,884	9,855
Food and Restaurants	19,680	18,809	18,436	16,239	18,661	15,853	23,804	22,041
Furniture and Furnishings	2,409	2,261	2,457	2,154	2,804	2,852	3,447	3,329
Insurance, Finance, Real Estate	673	1,022	811	459	528	2,071	2,751	2,516
Medical	2,262	2,874	2,418	1,332	1,647	1,958	3,556	3,448
Personal Services, Entertainment	7,869	7,891	7,508	6,483	7,615	7,588	6,623	6,495
All Other Industries	33,531	31,509	38,320	48,439	37,759	57,858	47,576	47,694
	101,434	100,608	107,271	109,085	109,665	129,732	131,904	127,197

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

Source: City of Birmingham Revenue Division

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

Table B-2

	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Breakdown of Tax Revenues:</b>								
Sales and Use Tax	\$ 101,434	\$ 100,608	\$ 107,271	\$ 109,085	\$ 109,665	\$ 129,732	\$ 131,904	\$ 127,197
Occupational Tax	64,522	65,537	69,346	72,297	75,269	76,918	76,325	73,008
Property Tax	42,858	48,596	50,618	52,669	54,920	62,698	61,663	56,699
	<u>\$ 208,814</u>	<u>\$ 214,741</u>	<u>\$ 227,235</u>	<u>\$ 234,051</u>	<u>\$ 239,854</u>	<u>\$ 269,348</u>	<u>\$ 269,892</u>	<u>\$ 256,904</u>
<b>% of Sales &amp; Use to Total Taxes</b>	48.58%	46.85%	47.21%	46.61%	45.72%	48.17%	48.87%	49.51%

Source: Finance Department Data

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

Table C-1

Fiscal Year	General Obligation		General Obligation Warrants	Revenue Warrants	Capital Leases	Total	Personal Income	Percentage of Personal Income	Per Capita
	Bonds	Warrants							
2003	354,000,000	196,060,000	13,000,000	11,442,000	574,502,000	3,803,289,660	15.11%	\$2,366	
2004	344,655,000	212,695,000	13,000,000	0	570,350,000	3,803,289,660	15.00%	\$2,349	
2005	325,340,000	205,935,000	12,430,000	417,000	544,122,000	3,803,289,660	14.31%	\$2,241	
2006	309,920,000	197,435,000	11,835,000	2,094,000	521,284,000	3,803,289,660	13.71%	\$2,147	
2007	353,750,000	237,885,000	11,210,000	1,690,000	604,535,000	3,803,289,660	15.90%	\$2,490	
2008	337,120,000	229,445,000	7,365,000	1,266,000	575,196,000	3,803,289,660	15.12%	\$2,369	
2009	318,045,000	219,805,000	7,365,000	27,331,000	572,546,000	3,803,289,660	15.05%	\$2,358	
2010	298,070,000	138,615,000	21,000,000	20,950,000	478,635,000	3,803,289,660	12.58%	\$1,971	

Source: City Finance Department data  
 Personal income computed from 2000 census population and per capita income data (see table D-1).

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

**Table C-2**

Fiscal year	Census Year	Population Number	Assessed Value*	Gross Bonded Debt		Less Debt Service Funds		Net Bonded Debt		Ratio of Net Bonded Debt To Assessed Value		Net Bonded Debt per Capita	
				Bonded Debt	Bonded Debt	Service Funds	Net Bonded Debt	Debt	Bonded Debt To Assessed Value	Bonded Debt per Capita			
2000	2000	242,820	2,150,472,432	539,555,000	539,555,000	58,724,000	480,831,000	480,831,000	22.36%	\$ 1,980			
2001	2000	242,820	2,197,436,352	521,970,000	521,970,000	60,704,000	461,266,000	461,266,000	20.99%	\$ 1,900			
2002	2000	242,820	2,271,867,532	563,060,000	563,060,000	59,400,000	503,660,000	503,660,000	22.17%	\$ 2,074			
2003	2000	242,820	2,422,011,707	570,350,000	570,350,000	58,850,000	511,500,000	511,500,000	21.12%	\$ 2,106			
2004	2000	242,820	2,515,810,000	543,705,000	543,705,000	51,208,000	492,497,000	492,497,000	19.58%	\$ 2,028			
2005	2000	242,820	2,567,735,000	519,190,000	519,190,000	45,161,000	474,029,000	474,029,000	18.46%	\$ 1,952			
2006	2000	242,820	2,783,467,000	602,845,000	602,845,000	44,153,000	558,692,000	558,692,000	20.07%	\$ 2,301			
2007	2000	242,820	2,814,119,158	566,565,000	566,565,000	43,205,000	523,360,000	523,360,000	18.60%	\$ 2,155			
2008	2000	242,820	2,677,578,333	537,850,000	537,850,000	40,175,000	497,675,000	497,675,000	18.59%	\$ 2,050			
2009	2000	242,820	2,637,721,936	436,685,000	436,685,000	36,317,088	400,370,912	400,370,912	15.18%	\$ 1,649			

\* Source: Jefferson County Tax Assessor

City of Birmingham, Alabama  
**Assessed Value and Estimated True Value of All Taxable Property**  
 Last Ten Fiscal Periods  
 (in thousands)

Table C-3

Assessment Date October 1,	Real Property *		Personal Property *		Automobile **		Total Assessed Value	Total Estimated True Value	Ratio of Assessed Value to Estimated True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value			
2000	1,491,553	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	17.34%
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%
2004	1,776,272	11,123,810	489,175	2,445,835	250,363	1,669,088	2,515,810	15,238,733	16.51%
2005	1,821,769	11,612,895	479,231	2,396,157	266,735	1,778,233	2,567,735	15,787,286	16.26%
2006	1,983,605	14,118,995	514,362	2,571,800	285,500	1,903,333	2,783,467	18,594,128	14.97%
2007	1,958,533	17,084,105	570,350	2,873,013	285,237	1,901,580	2,814,120	21,858,698	12.80%
2008	2,094,837	20,948,370	582,742	2,913,710	280,204	1,868,027	2,957,783	25,730,107	11.49%
2009	2,044,088	16,527,392	593,634	2,968,171	242,850	1,002,978	2,880,572	20,498,541	14.05%

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, Alabama**  
**Schedule of Direct an Overlapping Debt**  
**Last Eight Fiscal Years**  
(in thousands)

Table C-4

	2003	2004	2005	2006	2007	2008	2009	2010
<b>Direct Debt</b>								
City of Birmingham:								
Gross bonded debt and warrants outstanding	\$ 563,060	\$ 570,350	\$ 543,705	\$ 519,190	\$ 602,845	\$ 566,565	\$ 537,850	\$ 436,688
Less debt service funds net assets	(59,400)	(58,850)	(51,208)	(45,161)	(44,153)	(43,205)	(40,175)	(36,317)
Direct Debt	503,660	511,500	492,497	474,029	558,692	523,360	497,675	400,371
<b>Overlapping Debt</b>								
Jefferson County, Alabama overlapping debt <sup>1</sup>	268,230	297,830	330,825	1,359,650	293,670	4,460,127	1,328,870	212,575
Jefferson County Board of Education <sup>2</sup>	165,128	159,347	157,004	139,583	131,989	124,682	113,302	106,116
Total bonds and warrants outstanding	433,358	457,177	487,829	1,499,233	425,659	4,584,809	1,442,172	318,691
% of debt applicable to City of Birmingham	36.40%	36.40%	36.40%	36.40%	36.40%	36.40%	36.40%	36.40%
City of Birmingham Debt Burden	157,742	166,412	177,570	545,721	154,940	1,668,870	524,951	116,004
Shelby County, Alabama	-	-	-	46,550	46,550	60,220	-	-
Shelby County, Alabama Board of Education <sup>3</sup>	144,480	136,972	129,814	115,415	161,418	177,068	180,732	161,610
% of debt applicable to City of Birmingham	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
City of Birmingham Debt Burden	2,167	2,055	1,947	2,429	3,120	3,559	2,711	2,424
<b>Total Direct and Overlapping Debt</b>	<b>\$ 663,570</b>	<b>\$ 679,967</b>	<b>\$ 672,014</b>	<b>\$ 1,022,179</b>	<b>\$ 716,751</b>	<b>\$ 2,195,790</b>	<b>\$ 1,025,337</b>	<b>\$ 518,799</b>

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

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

<sup>1</sup> 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

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

<sup>3</sup> 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, Alabama  
 Property Taxes - Direct and Overlapping Governments  
 Birmingham, Jefferson and Shelby Counties  
 Last Ten Fiscal Years

Table C-5

(Per \$100 of Assessed Value)

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

Source: Jefferson County Tax Assessor

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

Source: Shelby County Tax Assessor

City of Birmingham, Alabama  
Legal Debt Margin  
Last Eight Fiscal Years

Table C-6

	2003	2004	2005	2006	2007	2008	2009	2010
Assessed value of real and personal property <sup>1</sup>	2,150,472,432	2,422,011,707	2,515,810,000	2,567,735,000	2,783,467,000	2,814,119,158	2,677,578,333	2,637,721,936
Debt limit, 20% of assessed property value (see note below)	430,094,486	484,402,341	503,162,000	513,547,000	556,693,400	562,823,832	535,515,667	527,544,387
Outstanding general obligation bonds and warrants	563,060,000	570,350,000	543,705,000	519,190,000	602,845,000	566,565,000	537,850,000	436,688,000
Less exemption for schools and sewer bonds	(201,509,000)	(178,171,623)	(189,122,423)	(178,483,266)	(178,766,338)	(173,478,022)	(167,604,797)	(100,178,010)
Less debt service fund balances	(59,400,000)	(58,850,000)	(51,208,000)	(45,161,000)	(44,153,000)	(32,372,282)	(40,175,000)	(36,317,088)
Net outstanding general obligation bonds and warrants	302,151,000	333,328,377	303,374,577	295,545,734	379,925,662	360,714,696	330,070,203	300,192,902
Legal debt margin	\$ 127,943,486	\$ 151,073,964	\$ 199,787,423	\$ 218,001,266	\$ 176,767,738	\$ 202,109,136	\$ 205,445,464	\$ 227,351,485

<sup>1</sup>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, Alabama**  
**Property Taxes Levied and Collected for**  
**Birmingham, Jefferson and Shelby Counties**  
**Last Ten Fiscal Years**

Table C-7

City of Birmingham				
Beginning October 1	Assessed Valuation	Total Taxes Levied	Uncollectible at Sale Date	
			Amount	Percentage
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%
2004	2,265,446,818	61,440,447	362,036	0.59%
2005	2,301,000,783	62,890,413	504,279	0.80%
2006	2,498,447,476	67,656,797	532,474	0.79%
2007	2,528,862,000	71,922,590	986,925	1.37%
2008	2,677,578,333	76,769,099	1,547,294	2.01%
2009	2,637,721,936	74,462,772	2,844,362	3.82%

Jefferson County				
Beginning October 1	Assessed Valuation	Total Taxes Levied	Uncollectible at Sale Date	
			Amount	Percentage
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%
2004	6,355,450,405	445,840,218	1,523,732	0.34%
2005	6,692,146,321	469,456,560	2,180,748	0.46%
2006	7,236,058,226	509,403,085	2,293,305	0.45%
2007	7,744,422,000	545,472,944	4,083,319	0.75%
2008	8,238,988,223	580,123,421	9,107,002	1.56%
2009	8,154,366,233	571,239,380	12,096,935	2.12%

Shelby County				
Beginning October 1	Assessed Valuation	Total Taxes Levied	Uncollectible at Sale Date	
			Amount	Percentage
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%
2004	1,874,130,720	110,323,626	253,097	0.23%
2005	2,339,693,320	109,863,446	371,368	0.34%
2006	2,552,332,600	134,938,720	556,708	0.41%
2007	2,473,177,100	155,886,284	916,959	0.58%
2008	3,094,599,060	163,609,020	411,233	0.25%
2009	3,099,457,801	163,801,741	249,648	0.15%

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

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

Table C-8

Assessed Entity	Fiscal Year Ended June 30, 2010			Fiscal Year Ended June 30, 2001		
	Total Assessed Value of Property Within City Limits	Rank	% of Total Property Taxes Collected	Total Assessed Value of Property Within City Limits	Rank	% of Total Property Taxes Collected
Alabama Power Company	\$117,443,360	1	4.06%	\$94,013,560	1	7.00%
American Cast Iron & Pipe Company	43,478,395	2	1.50%	19,655,672	4	1.50%
AT & T Property Tax Group	42,582,080	3	1.47%			
GSA Birmingham Realty	29,020,540	4	1.00%			
Regions Bank	24,786,110	5	0.86%			
A T & T Mobility LLC	23,145,364	6	0.80%	26,365,394	3	2.00%
Compass Bank	22,119,710	7	0.77%	13,352,013	8	0.70%
SL Regions LLC	20,345,974	8	0.70%			
Alabama Gas Corp	16,027,180	9	0.56%			
Bayer Development Co LLC	14,683,340	10	0.51%			
Bellsouth Telecommunications				53,360,840	2	4.00%
Murray-Ash Communications				15,704,240	5	1.20%
Energen Corporation				15,008,992	6	1.10%
Chase Bank of Texas NA				419,603	7	1.10%
ICG Telecom Group Inc				7,506,000	9	0.60%
Bank of America Leasing				6,459,280	10	0.50%
	<u>\$353,632,053</u>		<u>12.23%</u>	<u>\$251,845,594</u>		<u>19.70%</u>

Source: Jefferson and Shelby Counties Tax Collectors

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

**Table D-1**

<b>Year</b>	<b>Population</b>	<b>Average Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2001	242,820	31,851	15,663	6.4%
2002	242,820	31,851	15,663	7.8%
2003	242,820	31,851	15,663	8.5%
2004	242,820	31,851	15,663	8.2%
2005	242,820	31,851	15,663	5.0%
2006	242,820	31,851	15,663	4.7%
2007	242,820	31,851	15,663	3.7%
2008	242,820	31,851	15,663	4.9%
2009	242,820	31,851	15,663	12.4%
2010	242,820	31,851	15,663	9.7%

**Population figures based on 2000 census**

**Unemployment rates source: Alabama Department of Industrial Relations**

**Personal income and per capital personal income source: U. S. Bureau  
of the Census 2000**

City of Birmingham MSA  
Principal Employers

Current Fiscal Year and Nine Years Prior

Table D-2

Employer	2009			2000		
	# of Employees	Rank	% of Total City Employment	# of Employees	Rank	% of Total City Employment
University of Alabama in Birmingham	18,750	1	2.89%	15,628	1	3.24%
Regions Bank	6,000	2	0.93%			
A T & T	5,750	3	0.89%	6,300	4	1.31%
City of Birmingham	5,000	4	0.77%	4,555	8	0.94%
Jefferson County Board of Education	4,989	5	0.77%	4,500	9	0.93%
Honda Manufacturing of Alabama	4,800	6	0.74%	5,000	7	1.04%
Birmingham Board of Education	4,703	7	0.73%			
Baptist Health System Inc.	4,500	8	0.69%			
Jefferson County Government	4,000	9	0.62%	6,000	5	1.24%
U. S. Government	3,875	10	0.60%	4,191	10	0.87%
State of Alabama				9,302	2	1.93%
Bruno's Inc.				6,372	3	1.32%
	<u>62,367</u>		<u>9.63%</u>	<u>5,374</u>	<u>6</u>	<u>1.11%</u>
				<u>67,222</u>		<u>13.93%</u>

Source: Birmingham Regional Chamber of Commerce

City of Birmingham, Alabama  
Full-Time Equivalent City Employees by Function/Program  
Last Ten Fiscal Years

Table E-1

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Government:</b>										
City Clerk	9	9	9	9	8	8	12	12	12	12
City Council	45	45	43	43	43	44	44	44	44	43
Community Development	8	11	11	11	11	11	11	11	11	9
Finance	119	119	119	116	119	118	117	111	115	112
Law	33	33	35	34	38	36	34	34	34	34
Mayor's Office	54	56	48	53	53	53	67	65	82	78
Equipment Management	89	89	89	86	86	86	86	83	83	99
Information Management Services	62	61	61	58	65	61	61	61	45	53
Personnel	18	18	18	17	18	19	38	35	35	32
<b>Public Safety:</b>										
Planning, Engineering, & Permits	233	232	235	226	225	213	204	194	194	172
Communications	0	0	0	0	0	0	0	0	0	9
Parole & Probation	11	11	11	10	10	10	10	10	10	0
Municipal Court	63	65	71	67	66	64	66	63	61	66
Traffic Engineering	89	89	89	86	86	84	86	84	84	78
<b>Police:</b>										
Officers	917	917	892	862	864	859	859	859	909	822
Civilians	293	299	325	327	323	620	320	322	373	373
<b>Fire:</b>										
Officers	628	628	628	628	628	648	648	648	648	626
Civilians	60	60	60	58	58	75	61	61	61	61
<b>Streets &amp; Sanitation:</b>										
Public Works	1,012	1,165	1,204	1,177	1,174	1,166	1,164	1,088	1,071	982
Horticulture & Urban Forestry	153	0	0	0	0	0	0	0	0	153
<b>Culture &amp; Recreation:</b>										
State Fairgrounds	0	0	2	1	1	1	5	5	5	4
Auditorium	39	39	39	34	34	23	23	21	21	21
Arlington	8	8	8	8	8	7	12	12	12	10
Library	300	300	308	305	305	305	300	300	316	320
Museum of Art	35	32	32	30	30	28	42	42	42	40
Parks & Recreation	280	280	278	264	265	263	269	305	303	172
Southern Museum of Flight	6	6	6	6	6	6	6	9	9	9
Stons Furnaces	18	18	18	17	17	14	14	14	14	12
<b>Totals</b>	<b>4,582</b>	<b>4,588</b>	<b>4,639</b>	<b>4,532</b>	<b>4,541</b>	<b>4,822</b>	<b>4,563</b>	<b>4,487</b>	<b>4,604</b>	<b>4,402</b>

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

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

Table E-2

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010
Police precincts	4	4	4	4	4	4	4	4
Police substations	6	6	6	6	6	6	6	4
Fire stations	30	30	30	31	31	31	31	31
<b>Miles of sewers:</b>								
Sanitary	890	890	890	1,411	1,411	1,411	1,411	1,413
Storm	475	475	475	691	691	691	691	691
Street lights	28,000	28,000	28,000	28,000	28,000	39,000	39,000	39,000
Traffic signals	700	700	700	700	700	710	710	710
Street miles	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>Parks &amp; recreation:</b>								
# of Parks	106	106	106	106	106	111	111	112
Acres of Parks	2,137	2,137	2,137	2,137	2,137	2,635	2,635	2,635
Recreation/community centers	18	18	18	18	18	18	18	19
Playgrounds	73	73	73	73	73	79	79	79
Baseball/softball fields	45	45	45	45	45	40	40	40
Soccer/football fields	18	18	18	18	18	15	15	15
<b>Libraries:</b>								
Central	1	1	1	1	1	1	1	1
Branches	19	19	19	19	19	19	19	19

Source: Various City departments



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