



BIRMINGHAM

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE
CITY OF BIRMINGHAM, ALABAMA

FOR THE YEAR ENDED
JUNE 30, 2011

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

City of Birmingham, Alabama
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2011

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INTRODUCTORY SECTION

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OFFICIALS OF THE CITY OF BIRMINGHAM



MAYOR
WILLIAM A. BELL, SR.

CITY COUNCIL
Roderick V. Royal, President, District #9
Steven W. Hoyt, President Pro-Tem, District #8

LaShunda Scales, District #1
Valerie A. Abbott, District #3
Johnathan Austin, District #5
James "Jay" Roberson, District #7

Kim Rafferty, District #2
Maxine Herring Parker, District #4
Carole C. Smitherman, District #6

DEPARTMENT HEADS

AUDITORIUM.....	Kevin Arrington, Director
CITY CLERK	Lee Frazier, City Clerk
CITY COUNCIL	Cheryl A. Kidd-Harmon, Council Administrator
COMMUNITY DEVELOPMENT	Jim Fenstermaker, Director
EQUIPMENT MANAGEMENT	George R. Rainey, Director
FINANCE	J. Thomas Barnett, Jr., Director
FIRE	Ivor Brooks, Chief
INFORMATION MANAGEMENT SERVICES.....	Bobby Dorr, Director
LAW	Thomas Bentley, Acting City Attorney
MAYOR'S OFFICE.....	Erskine R. Faush, Jr., Chief of Staff Jarvis Patton, Chief of Operations
MUNICIPAL COURT.....	Andra Sparks, Presiding Judge
PERSONNEL	Peggy Polk, Director
PLANNING, ENGINEERING AND PERMITTING	Andre Bittas, Director
POLICE	A.C. Roper, Chief
PUBLIC WORKS	Adlai Trone, Director
TRAFFIC ENGINEERING	Gregory Dawkins, Traffic Engineer

BOARD DIRECTORS

ARLINGTON	Steve Moode, Director
LIBRARY.....	Renee Blalock, Director
MUSEUM OF ART	Gail Trechsel, Director
PARKS AND RECREATION.....	Melvin Miller, Director
SLOSS FURNACES.....	Bob Rathburn, Director
SOUTHERN MUSEUM OF FLIGHT	James T. Griffin, Director



CITY OF BIRMINGHAM

DEPARTMENT OF FINANCE

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

WILLIAM A. BELL, SR.
MAYOR

J. THOMAS BARNETT, JR.
FINANCE DIRECTOR

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

HENRY YOUNG III
DEPUTY DIRECTOR

BARBARA D. MCGRUE
DEPUTY DIRECTOR

December 21, 2011

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

The City of Birmingham's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011, is hereby submitted. This report represents the official comprehensive publication of the City's financial position at June 30, 2011. Responsibility for the accuracy, completeness, and fairness of the data, including all disclosures, rests with management of the City of Birmingham. The basis of reliance for the financial statements is a comprehensive framework of internal control; because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the statements are free of any material misstatements.

In compliance with the City's Mayor-Council Act, the submitted financial statements were subjected to an independent audit. Banks, Finley, White & Co. has issued an unqualified opinion on the City of Birmingham's financial statements for the year ended June 30, 2011. Their report is located at the front of the financial section of the CAFR.

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

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

CITY PROFILE AND REPORTING ENTITY

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

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

ECONOMIC CONDITIONS AND OUTLOOK

Birmingham's diverse economy, once highly dependent on the iron and steel industry, benefits today from a range of 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 to 7.3% in November, 2011, as compared to the State of Alabama's November unemployment rate of 8.7% and 8.6% for the United States.

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 nearing completion at Birmingham's Children's Hospital; St. Vincent's Hospital's planned expansion at its Southside campus; and the construction of new surgical suites at Princeton Baptist Medical Center.

Birmingham's banking sector continues to diversify. A number of medium-sized and smaller banks also continue to do well through aggressive new customer recruitment activities. Major construction activity can be found throughout the City. A natatorium and indoor track facility has been completed 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, which are drawing events from national, regional and State athletic organizations, the City will turn its economic development efforts to the recruitment of new retail businesses that will locate on adjacent city-owned property.

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

In the City Center, more than 4000 residents live in the "loft district," which was made even more attractive by the City's new Railroad Reservation Park, a 19 acre "green space" located within an easy walk of the Central Business District and UAB. 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 restaurants and other developments to locations throughout the downtown area. Another, recently completed major project is the "Cityville" development, a 255 unit apartment complex with ground floor retail. Located in downtown Birmingham's geographic center, Cityville is becoming the home of a substantial new population of residents, further enhancing the development of City Center retail. A new Springhill Suites hotel has recently opened adjacent to Cityville.

The City acquired a major park and recreation facility for the eastern region of the City, by gift from a junior college. The facilities, including a pool, gym and walking trails are undergoing some renovation and should be ready for use within months.

A new minor league baseball stadium development has begun. Property acquisition is complete and demolition of existing structures will soon begin. The stadium will be located in a four block area adjacent to the Railroad Reservation Park. With a new ball park, the Birmingham Barrons double-A professional baseball team will return to the City after a 20 year absence. The facility should be ready for the 2013 season. Also, a Westin Hotel and entertainment district adjacent to the Birmingham-Jefferson Convention Complex (BJCC) is under construction and should begin to welcome new patrons in 2013. The new hotel will bring hotel room availability in the immediate BJCC area to more than 1000, a convention and tourism industry standard required to attract larger trade shows and conventions. Both of these projects are expected to enhance the City's revenue which can be used to support projects in other areas of the City.

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

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

Over the past few years, a complex of federal government offices has developed on the northern edge of Birmingham's Central Business District. The complex includes new regional offices for the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Federal Bureau of Investigation, and the Social Security Administration. Growth in the complex continued in 2011 with a groundbreaking in November for a new location of the Department of the Treasury, formerly located in the City of Homewood.

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 and play.

A very strong tornado destroyed and damaged homes in a densely populated area of the City on April 27, 2011. Public area debris cleanup is complete and private property demolition and cleanup is continuing. Reconstruction is also underway. Planners have been busy leading the effort to restore the community. Several City owned facilities, such as a fire station, recreation center and library branch were damaged. The City was insured for those losses and FEMA and the State of Alabama have reimbursed the City for substantial amounts of the costs of cleaning up the area. The City has redirected a significant amount of its Federal housing funds toward the rebuilding of the community.

In November, 2011, Jefferson County filed for bankruptcy protection in Federal Bankruptcy Court. The City is due approximately \$11 million for the City's portion of certain taxes that are shared between the County and the City and the City expects to be paid in full as the County's liquidity problem is remedied. While the situation continues to unfold, the City does not expect long-term adverse consequences as a result of the filing.

Subsequent to year-end, the City entered into a Funding Agreement, totaling approximately \$64 million, with the Public Athletic, Cultural and Entertainment Board of the City of Birmingham to provide the financing for a new minor league baseball stadium in the downtown area of the City, to be the home of the Birmingham Barrons, and a Negro League Baseball Museum. The Funding Agreement obligation will be paid from the City's new 3.5% dedicated Lodgings Tax, which became effective January 15, 2011, and from project revenues. The financing was placed with local banks. The City expects

significant redevelopment will occur in that area of the City as a result of the project. The project will also enhance the City's tourism related facilities.

Future financing is needed to fund projects which include neighborhood projects, landfill improvements, public facilities, transportation and other items. The Mayor expects to ask the City Council to approve a bond referendum during 2012 to fund such items. It is anticipated that the bonds would be repaid from the City's Bond Reserve Fund, which receives dedicated ad-valorem taxes to service general obligation bond debt.

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, 2010. The Certificate of Achievement is a prestigious national award presented to state and local governments for publishing an easily readable and efficiently organized CAFR whose contents conform to program standards and complies with generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a period of one year. The City of Birmingham has received the award for the last 34 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

Additionally, the City of Birmingham's budget report for the fiscal year beginning July 1, 2010, was awarded the Government Finance Officer's Association Award for Distinguished Budget Presentation. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The City believes its current budget report also meets the above criteria, and we have submitted it to the GFOA for consideration.

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

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

Respectfully submitted,



J. Thomas Barnett, Jr.
Finance Director



The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

J. Thomas Barnett, Jr.

Director of Finance
City of Birmingham, Alabama

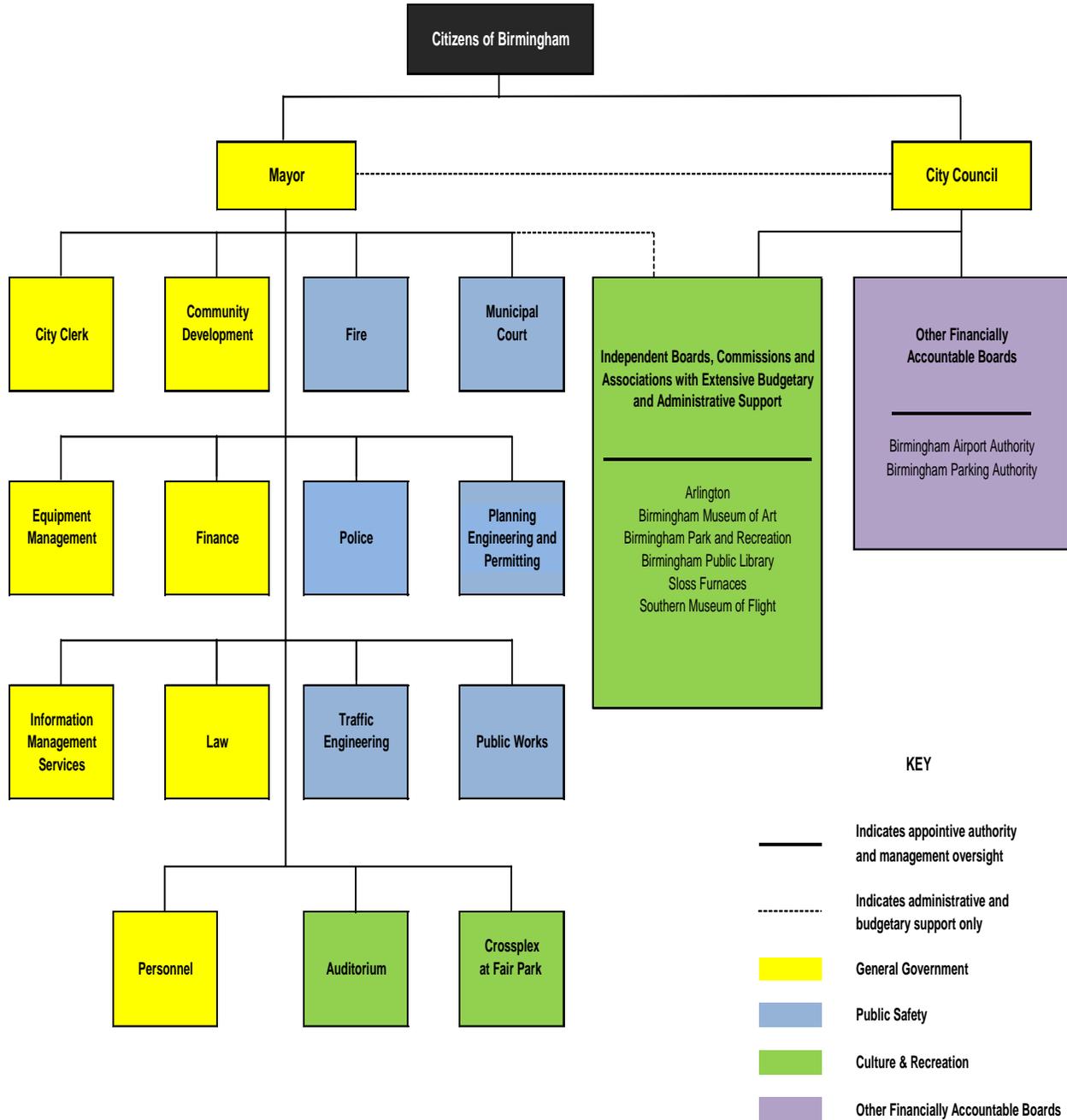


The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Date March 29, 2011

City of Birmingham, Alabama Organization Chart



FINANCIAL SECTION

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



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of the City of Birmingham, Alabama ("the City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Birmingham Parking Authority which represents .46 percent, .88 percent and .96 percent, respectively, of the assets, net assets, and revenues of the City. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Birmingham Parking Authority, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of the City of Birmingham, Alabama, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in 2011.



To the Honorable Mayor
and Members of the City Council
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 20 and page 69 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, 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections *have* not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

December 21, 2011

Banks, Finley White & Co.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the financial activities of the City of Birmingham for the fiscal year ended June 30, 2011, 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 \$2.2 million during the past fiscal year.
- The assets of the City of Birmingham exceeded its liabilities at the close of June 30, 2011, by \$174 million.
- The City of Birmingham's governmental funds reported combined ending fund balances of \$318 million as of June 30, 2011, an increase of \$11 million over the prior fiscal year.
- The unassigned fund balance at June 30, 2011, for the City's general fund was \$99 million, 27% of general fund revenues. Including the Birmingham Fund balance of \$83.7 million, total reserves equaled \$182.7 million.

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 and 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 of 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, 2011. 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 2011, the City of Birmingham reported as major funds the General Fund, the Birmingham Fund, the Debt Reserve and Debt Service Funds, the 2010 Recovery Zone Economic Development Warrants, the Capital Improvement Fund, and the Public 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 71 and 74 of this report.

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

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

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

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

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

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

Table of Financial Statements

Fund Financial Statements

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

Government-Wide Condensed Financial Information

Net assets represent the difference between the City of Birmingham's total assets and its total liabilities. Changes in the net assets can be a useful measuring tool to gauge performance over time. The City's net assets that are invested in capital assets net of related debt reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided separately 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 \$146 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 \$2.2 million in fiscal year 2011. For additional details on the reconciliation between the two bases, see page 27 of this report.

The following table presents a condensed statement of the City's net assets at June 30, 2011 and 2010:

CONDENSED STATEMENT OF NET ASSETS
June 30, 2011 and 2010
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	<u>06/30/11</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>06/30/10</u>
Current and other assets	\$376,971	\$389,963	182	1,987	377,153	391,950
Capital assets, net	<u>400,268</u>	<u>382,446</u>	<u>799</u>	<u>855</u>	<u>401,067</u>	<u>383,985</u>
Total assets	<u>777,239</u>	<u>772,409</u>	<u>981</u>	<u>2,842</u>	<u>778,220</u>	<u>775,521</u>
Current and other liabilities	70,848	82,746	1	3,509	70,849	86,255
Long-term liabilities	<u>531,852</u>	<u>511,268</u>			<u>531,852</u>	<u>511,268</u>
Total liabilities	<u>602,700</u>	<u>594,014</u>	<u>1</u>	<u>3,509</u>	<u>602,701</u>	<u>597,523</u>
Net assets:						
Invested in capital assets, net of related debt	90,213	72,325	919	855	91,132	73,160
Restricted	146,478	157,454			146,478	157,454
Unrestricted	<u>(62,151)</u>	<u>(51,384)</u>	<u>61</u>	<u>(1,522)</u>	<u>(62,090)</u>	<u>(52,906)</u>
Net assets	<u>\$174,540</u>	<u>\$178,395</u>	<u>980</u>	<u>(667)</u>	<u>175,520</u>	<u>177,728</u>

CONDENSED STATEMENT OF CHANGES IN NET ASSETS
For Years Ended June 30, 2011 and 2010
(in thousands)

Changes in Net Assets

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>6/30/11</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>06/30/10</u>
REVENUES:						
Program revenues:						
Charges for services	\$110,054	\$107,823	6,392	4,517	116,446	112,340
Operating grants	24,276	20,958			24,276	20,958
General revenues:						
Sales and use tax	131,162	127,197			131,162	127,197
Occupational tax	74,909	73,008			74,909	73,008
Property tax	51,369	56,699			51,369	56,699
Unrestricted grants and contributions	22,548	23,730			22,548	23,730
Investment earnings	13,560	8,233	11	1	13,571	8,234
Other	-217	7,145			-217	7,145
Total revenues	<u>427,661</u>	<u>424,793</u>	<u>6,403</u>	<u>4,518</u>	<u>434,064</u>	<u>429,311</u>
EXPENSES:						
Program expenses:						
General government	114,375	163,581			114,375	163,581
Public safety	202,706	210,132	4,754	4,937	207,460	215,069
Streets and sanitation	54,552	59,822			54,552	59,822
Culture and recreation	40,024	41,907			40,024	41,907
Interest on long-term debt	19,861	21,473			19,861	21,473
Total expenses	<u>431,519</u>	<u>496,915</u>	<u>4,754</u>	<u>4,937</u>	<u>436,272</u>	<u>501,852</u>
Increase (Decrease) in net assets	(3,856)	(72,122)	1,649	(419)	(2,208)	(72,541)
Beginning net assets- as originally reported	178,395	241,742	(669)	(145)	177,728	241,597
Prior period adjustment		8,775		(103)		8,672
Beginning net assets- as restated		<u>250,517</u>		<u>(248)</u>		<u>250,269</u>
Ending net assets	<u>\$174,540</u>	<u>\$178,395</u>	<u>(980)</u>	<u>(667)</u>	<u>175,520</u>	<u>177,728</u>

The city's revenue increased from governmental activities by 2.9 million, or .7% from the past fiscal year.

Expenditures decreased approximately \$65 million from fiscal year 2010, the largest components of this decrease is due to lower personnel cost and the completion of capital projects in 2010, resulting in lower current year capital expenditures.

The business-type activity's expenditures increased \$1.8 million due to an increase in user fees.

Fund Analysis

Changes in fund balances for the City's major governmental funds for the fiscal year ended June 30, 2011, are as follows:

	Beginning Balance	Prior Period Adjustment	Increase (Decrease)	Ending Balance
General Fund	92,279		\$ 6,937	\$ 99,216
Birmingham Fund	77,065		6,635	83,700
Public Improvement Fund	575		14	589
2010 Recovery Zone Economic	0		0	35,799
General Bond Debt Reserve	40,081		(3,786)	36,295
General Bond Debt Service	(2,139)		(1,987)	(4,126)
Capital Improvement Fund	17,435		(6,436)	10,999
	<u>\$225,296</u>		<u>\$ 1,377</u>	<u>\$262,472</u>

Governmental Funds

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

The fund balance of the General Fund increased mainly due to receipt of a loan for reimbursement for previous capital expenditures. The Capital Improvement Fund decreased primarily due to construction projects performed during the current year. The Birmingham Fund increased as the market value of investments increased.

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, 2011, the City of Birmingham reported approximately \$400 million in net capital assets, including its infrastructure, for governmental activities. The City's Emergency Management Communication District reported approximately \$800,000 in net capital assets. The notes to the financial statements on pages 46 and 47 provide more information on capital assets including the changes that occurred during the fiscal year.

Long-term Debt Activity

At June 30, 2011, the City of Birmingham had approximately \$490 million of outstanding debt for its bonds and warrants; of this amount, approximately \$452 million is considered long-term. The notes to the financial statements, on pages 48-50, include additional details for the City's long-term debt activity.

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

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

During the year, the City issued \$7,000,000 of General Obligation Warrants, Series 2010-RB and 2010-CTB and repaid \$700,000 of the Warrants. The warrants were placed with local banks. The Proceeds reimbursed the General Fund for previous capital expenditures.

During the year the City issued its \$63,540,000 General Obligation Refunding Warrants, Series 2010-A, the proceeds of which were used to refinance portions, or all, of its outstanding Series 1997, Series 2001-B, Series 2001-C, Series 2003-A, Series 2003-B General Obligation Warrants and approximately \$17.5 million capitalized lease obligations. The refunding resulted in a net reduction of the City's debt service over the term of the outstanding warrants and leases.

Also during the year, the City issued its \$39,115,000 General Obligation Recovery Zone Economic Development Warrants, Series 2010-B to fund various capital projects throughout the City. These taxable warrants receive a 45% Federal interest subsidy.

In February, 2011 the City entered into a Funding Agreement with the Commercial Development Authority of the City of Birmingham, pursuant to which it agreed to make payments in amounts that essentially continue payments that it has been making to the

Birmingham-Jefferson Civic Center Authority for the last twenty years, the last payment of \$1,500,000 coming due on December 25, 2011. The Authority is constructing a 300 room Westin Hotel and an entertainment district adjacent to the Birmingham-Jefferson Civic Center. The Civic Center will outsource management of the project. After completion, the project will bring the total number of rooms surrounding the Civic Center to over 1,000, allowing the Civic Center to compete for larger events, enhancing the City's tax revenue.

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

Birmingham weathered the recession by implementing significant expense reduction and containment measures. In 2011, tax revenues seemed to stabilize and this has continued into 2012. Through sound fiscal management we have managed to avoid decreasing our reserves.

The City considered several factors in preparing the City's budget for the 2012 fiscal year, such as:

The U. S. economy appears to have stabilized and is now growing at a slow rate. Absence of new housing construction continues to hold back economic growth, given housing's large multiplier effect.

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

Availability of Information

The City's Operating and Capital Budgets and this CAFR are available on the City's website at www.informationbirmingham.com

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

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

Basic Financial Statements



City of Birmingham
Statement of Net Assets
June 30, 2011
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets				
CURRENT ASSETS:				
Unrestricted assets:				
Cash and investments	\$ 297,750	\$ 153	\$ 297,903	\$ 36,861
Cash with escrow agent	1,461	-	1,461	-
Receivables:				
Accrued interest	384	-	384	-
Accrued taxes receivable	25,273	-	25,273	-
Accounts (net of uncollectibles)	11,128	29	11,157	1,326
Notes (net of uncollectibles)	186	-	186	-
Loans	2,997	-	2,997	-
Due from other governments	3,022	-	3,022	466
Special assessments	10,581	-	10,581	-
Inventories	1,573	-	1,573	-
Prepaid items	344	-	344	432
Due from component unit	1,129	-	1,129	-
Other current assets	426	-	426	-
Restricted assets:				
Cash and cash equivalents	-	-	-	12,596
Investments	-	-	-	140,498
Accounts and grants receivable	-	-	-	1,117
Accrued interest receivable	-	-	-	291
NONCURRENT ASSETS:				
Other assets:				
Deferred charges	20,717	-	20,717	4,497
Capital assets::				
Land	155,910	-	155,910	164,768
Buildings and capital facilities	184,052	1,025	185,077	106,263
Furniture and other equipment	149,995	2,233	152,228	15,344
Accumulated depreciation	(208,588)	(2,459)	(211,047)	(86,068)
Infrastructure	189,677	-	189,677	193,181
Accumulated depreciation, infrastructure	(126,190)	-	(126,190)	(65,977)
Construction in progress	55,412	-	55,412	62,104
Total Assets:	777,239	981	778,220	587,699

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

City of Birmingham
Statement of Net Assets
June 30, 2011
(in thousands)

	Primary Government		Total	Component Units
	Governmental Activities	Business-Type Activities		
Liabilities				
CURRENT LIABILITIES:				
Payable from unrestricted assets:				
Accounts and vouchers payable	10,296	1	10,297	1,097
Contracts payable	365	-	365	-
Contracts payable - retainage	1,671	-	1,671	-
Accrued payroll and payroll taxes payable	10,085	-	10,085	203
Due to primary government	-	-	-	1,129
Estimated claims payable	1,590	-	1,590	-
Other liabilities	3,381	-	3,381	-
Deferred Revenue	-	-	-	70
Interest payable	4,276	-	4,276	-
Capitalized leases	52	-	52	-
Compensated absences	977	-	977	-
Bonds and warrants payable	38,155	-	38,155	-
Payable from restricted assets:				
Contracts Payable	-	-	-	2,507
Accrued Interest Payable	-	-	-	5,741
Current portion of revenue bonds payable	-	-	-	4,635
LONG TERM LIABILITIES:				
Compensated absences	13,299	-	13,299	593
Bonds and warrants payable, net	463,745	-	463,745	210,675
Closure and postclosure costs	7,946	-	7,946	-
Workers' compensation claims payable	14,265	-	14,265	-
OPEB liability	23,471	-	23,471	-
Notes Payable	6,300	-	6,300	-
Net pension obligation	2,826	-	2,826	-
Total Liabilities:	602,700	1	602,701	226,650
Net Assets				
Invested in capital assets, net of related debt	90,213	919	91,132	294,084
Restricted for:				
Restricted for debt service	29,413	-	29,413	30,022
Restricted for future projects	117,065	-	117,065	2,828
Unrestricted	(62,151)	61	(62,090)	34,112
Total Net Assets:	\$ 174,540	\$ 980	\$ 175,520	\$ 361,046

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

City of Birmingham
Statement of Activities
For the Year Ended June 30, 2011
(in thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government							
Governmental Activities:							
Public safety:	202,706	17,778	2,021	(182,906)	-	(182,906)	-
Street and sanitation:	54,553	966	1,785	(51,802)	-	(51,802)	-
Cultural & recreational:	40,024	1,171	-	(38,852)	-	(38,852)	-
General government:	114,375	90,139	20,470	(3,766)	-	(3,766)	-
Interest on Long-Term Debt	19,861	-	-	(19,861)	-	(19,861)	-
Total Governmental Activities:	431,519	110,054	24,276	(297,187)	-	(297,187)	-
Business-Type Activities:							
Emergency Management Communication District	4,754	6,392	-	-	1,638	1,638	-
Total Business-Type Activities:	4,754	6,392	-	-	1,638	1,638	-
Total Primary Government:	\$ 436,273	\$ 116,446	\$ 24,276	(297,187)	1,638	(295,549)	-
Component Units							
Birmingham Airport Authority	32,868	33,506	5,111	-	-	-	5,749
Birmingham Parking Authority	5,848	5,907	-	-	-	-	59
Total Component Units:	\$ 38,716	\$ 39,413	\$ 5,111	-	-	-	5,808
Sales and use tax				131,162	-	131,162	-
Occupational tax				74,909	-	74,909	-
Property tax				51,369	-	51,369	-
Grants and contributions-unrestricted				22,548	-	22,548	-
Unrestricted investment earnings				13,560	11	13,571	178
Other				18,941	-	18,941	2,025
Interest on long-term debt				(19,158)	-	(19,158)	-
Total General Revenues, Special Items, and Transfers:				293,331	11	293,342	2,203
Change in Net Assets:				(3,856)	1,649	(2,207)	8,011
Net Assets - Beginning				178,393	(668)	177,725	353,036
Net Assets - Ending:				\$ 174,540	\$ 980	\$ 175,520	\$ 361,046

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

**City of Birmingham
Balance Sheet
Governmental Funds
June 30, 2011
(in thousands)**

	General	Debt Reserve	Debt Service	Capital Improvement Fund	Birmingham Fund	Public Improvement	2010 - Recovery Zone Economic Dev. Warrants	Other Governmental Funds	Total Governmental Funds
Assets									
Cash and investments	\$ 77,680	\$ 35,848	\$ (4,104)	\$ 11,246	\$ 83,680	\$ 659	\$ 36,116	\$ 56,624	\$ 297,749
Cash with fiscal agent	-	-	-	-	-	-	-	1,461	\$ 1,461
Receivables:									\$ -
Accrued interest	59	295	-	-	30	-	-	-	\$ 384
Accrued taxes	24,632	152	-	375	-	113	-	-	\$ 25,272
Accounts (net of uncollectible)	10,701	-	-	-	-	-	-	427	\$ 11,128
Notes (net of uncollectible)	153	-	-	-	-	-	-	32	\$ 185
Loans	1,873	-	-	-	-	-	-	1,124	\$ 2,997
Due from other governments	3,004	-	-	-	-	-	-	18	\$ 3,022
Special assessments	-	-	-	-	-	10,581	-	-	\$ 10,581
Due from component units	1,129	-	-	-	-	-	-	-	\$ 1,129
Inventories	1,573	-	-	-	-	-	-	-	\$ 1,573
Prepaid Items	344	-	-	-	-	-	-	-	\$ 344
Other	373	-	-	-	-	-	-	53	\$ 426
Total Assets:	\$ 121,521	\$ 36,295	\$ (4,104)	\$ 11,621	\$ 83,710	\$ 11,353	\$ 36,116	\$ 59,739	\$ 356,251
Liabilities and Fund Balances									
Liabilities:									
Accounts and vouchers payable	8,362	-	22	152	10	-	239	1,511	10,296
Contracts payable	365	-	-	-	-	-	-	-	365
Contracts payable-retainage payable	-	-	-	471	-	-	78	1,123	1,672
Deferred revenue	9,887	-	-	-	-	-	-	198	10,085
Other liabilities	378	-	-	-	-	10,764	-	1,242	12,384
	3,316	-	-	-	-	-	-	65	3,381
Total Liabilities:	22,308	-	22	623	10	10,764	317	4,139	38,183
Fund Balances:									
Nonspendable:									
Inventory	1573	0	0	0	0	0	0	0	1573
Prepaid items	344	-	-	-	-	-	-	-	344
Spendable:									
Restricted									
Debt Service	-	36,295	-	-	-	-	-	1,520	37,815
Capital Projects	-	-	-	10,999	-	589	35,799	42,305	89,692
Committed									
Stabilization	-	-	-	-	83,700	-	-	-	83,700
Neighborhood Improvements	-	-	-	-	-	-	-	9,677	9,677
Community Development	-	-	-	-	-	-	-	517	517
Other Purposes	-	-	-	-	-	-	-	1,582	1,582
Assigned									
Debt Service	-	-	(4,126)	-	-	-	-	-	(4,126)
Unassigned	97,298	-	-	-	-	-	-	-	97,299
Total Fund Balances:	99,215	36,295	(4,126)	10,999	83,700	589	35,799	55,601	318,073
Total Liabilities and Fund Balances:	\$ 121,523	\$ 36,295	\$ (4,104)	\$ 11,622	\$ 83,710	\$ 11,353	\$ 36,116	\$ 59,740	\$ 356,256

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

City of Birmingham
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Assets
Year Ended
June 30, 2011

Fund Balance - Total governmental funds \$ 318,073

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

Deferred revenues are or not recognized until available in the funds 12,384

Deferred items related to debt issuance used in governmental are not current financial resources and therefore are reported in the reported in the governmental funds balance sheet. 20,717

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

Governmental capital asset	\$	735,045	
Accumulated Depreciation		334,777	400,268

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

Warrants and Bonds Payable	(508,200)	
Compensated Absences	(14,276)	
Accrued interest payable	(4,276)	
Capital lease payable	(52)	
Landfill Closure Cost	(7,946)	
OPEB liability	(23,471)	
Workers' Compensation claims payable	(14,265)	
Estimated Claims Payable	(1,590)	
Net Pension Obligation	(2,826)	(576,902)

Net assets of governmental activities: \$ 174,540

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

City of Birmingham
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011
(In thousands)

	General	Debt Reserve	Debt Service	Capital Improvement Fund	Birmingham Fund	Public Improvement	2010-Recovery Zone Econ Dev Warr	Other Governmental Funds	Total Governmental Funds
Revenues									
Taxes	\$ 238,243	\$ 27,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,342	\$ 267,324
Licenses and permits	79,984	-	-	-	-	-	-	-	79,984
Intergovernmental	17,916	120	-	4,338	-	-	-	23,580	45,954
Charges for services	13,788	-	-	-	-	-	-	68	13,856
Fines and forfeitures	4,223	-	-	-	-	-	-	1,260	5,483
Investment income	748	1,227	16	269	10,905	14	(11)	393	13,581
Other operating revenues	19,141	-	-	520	-	1	-	1,297	20,959
Total Revenues:	374,043	29,086	16	5,127	10,905	15	(11)	27,940	447,121
Expenditures									
Current Expenditures:									
Public safety:									
Police	84,665	-	-	-	-	-	-	2,965	87,630
Fire	58,230	-	-	-	-	-	-	161	58,391
Planning, Engineering & Permits	16,274	-	-	-	-	-	-	1,508	17,782
Traffic Engineering	10,703	-	-	-	-	-	-	-	10,703
Municipal Court	4,645	-	-	-	-	-	-	1,711	6,356
Nondepartmental	-	-	-	-	-	-	-	296	296
Street and sanitation:									
Public Works	49,189	-	-	-	-	-	-	697	49,886
Cultural & recreational:									
Park & Recreation	11,586	-	-	-	-	-	104	148	11,838
Library	15,787	-	-	-	-	-	-	-	15,787
Arlington Historical Home	598	-	-	-	-	-	-	-	598
Boutwell Auditorium	1,282	-	-	-	-	-	-	-	1,282
Museum of Art	3,212	-	-	-	-	-	-	-	3,212
Sloss Furnace	647	-	-	-	-	-	-	-	647
Southern Museum of Flight	625	-	-	-	-	-	-	-	625
State Fairgrounds	415	-	-	-	-	-	-	-	415
Nondepartmental	-	-	-	-	-	-	-	393	393
General government:									
Finance	10,132	-	-	-	-	-	-	510	10,642
Equipment Management	15,158	-	-	-	-	-	-	-	15,158
Information Management	9,798	-	-	-	-	-	-	-	9,798
Services									
City Clerk	964	-	-	-	-	-	-	-	964
Community Development	851	-	-	-	-	-	-	16,679	17,530
Council Office	2,367	-	-	-	-	-	-	-	2,367
Legal	5,628	-	-	-	-	-	-	-	5,628
Mayor's Office	8,154	-	-	-	-	-	-	21	8,175
Personnel	6,689	-	-	-	-	-	-	-	6,689
Nondepartmental	40,747	-	110	1,680	63	1	680	4,745	48,006
Municipal Court	381	-	-	-	-	-	-	-	381
Debt Service:									
Principal	8,936	-	20,810	3,257	-	-	-	190	33,193
Interest and fees	6,388	-	13,955	1,085	-	-	147	1,128	22,701
Capital Outlay:									
Capital outlays	252	-	-	9,753	4,207	-	2,081	21,562	37,855
Total Expenditures:	372,303	-	34,875	15,755	4,270	1	3,012	52,712	482,928
Excess (Deficiency) of Revenues Over (Under) Expenditures:	1,740	29,086	(34,859)	(10,628)	6,635	14	(3,023)	(24,772)	(35,807)
Other financing sources (uses):									
Proceeds from Issuance of debt (Premium)/Discount on debt issuance									
	7,000	-	-	-	-	-	39,115	64,361	110,476
Payment to escrow agent	(43)	-	-	-	-	-	(293)	4,170	3,834
Transfers in	-	-	-	-	-	-	-	(67,511)	(67,511)
Transfers out	1,977	-	32,872	4,192	-	-	-	1,128	40,169
Total Other financing sources (uses):	(3,737)	(32,872)	-	-	-	-	-	(3,560)	(40,169)
Total Other financing sources (uses):	5,197	(32,872)	32,872	4,192	-	-	38,822	(1,412)	46,799
Net Change in Fund Balances:	6,937	(3,786)	(1,987)	(6,436)	6,635	14	35,799	(26,184)	10,992
Fund Balances - Beginning	92,279	40,081	(2,139)	17,435	77,065	575	-	81,785	307,081
Fund Balances - Ending:	\$ 99,216	\$ 36,295	\$ (4,126)	\$ 10,999	\$ 83,700	\$ 589	\$ 35,799	\$ 55,601	\$ 318,073

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

City of Birmingham, Alabama
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2011
(in thousands)

Net change, decrease, in fund balances - total governmental funds	\$	10,992	\$	10,992
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Governmental funds report capital outlays as expenditures. In the statement of activities, however, these costs are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	37,843	
Depreciation	18,116	19,727
Expense		

The repayment of principal of long-term debt uses current resources of governmental funds but has no effect on net assets				100,704
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Issuance of new new bonds and warrants				(114,310)
--	--	--	--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:

Change in compensated absences	2,143	
Change in closure and postclosure costs	(1,706)	
Amortization of deferred charges	(1,157)	
Change in interest payable	(703)	
Change in workers compensation	(2,319)	
Change in OPEB	(5,282)	
Change in net pension asset	(9,026)	
Change in estimated claims	106	(17,944)

Revenue not recognized until future years				(1,122)
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Loss on disposal of fixed assets				(1,903)

Change, increase, in net assets of governmental activities			\$	<u><u>(3,856)</u></u>
--	--	--	----	-----------------------

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

City of Birmingham
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2011
(in thousands)

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Taxes	\$ 226,199	\$ 235,177	\$ 238,243	\$ 3,066
Licenses and permits	84,568	84,690	79,984	(4,706)
Intergovernmental	13,927	13,927	17,916	3,989
Charges for services	13,012	13,012	13,788	776
Fines and forfeitures	5,305	5,305	4,223	(1,082)
Investment income	1,130	1,130	748	(382)
Other operating revenues	5,766	6,430	9,637	3,207
Total Revenues:	<u>349,907</u>	<u>359,671</u>	<u>364,539</u>	<u>4,868</u>
Expenditures				
Current Expenditures:				
Public safety:	172,946	171,236	170,780	456
Street and sanitation:	49,792	50,061	48,058	2,003
Cultural & recreational:	33,666	32,899	32,580	319
General government:	82,179	101,396	96,864	4,532
Debt Service:				
Principal	4,823	8,610	8,936	(326)
Interest and fees	4,951	5,411	6,388	(977)
Capital Outlay:				
Capital outlays	17,101	1,171	252	919
Total Expenditures:	<u>365,458</u>	<u>370,784</u>	<u>363,858</u>	<u>6,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(15,551)</u>	<u>(11,113)</u>	<u>681</u>	<u>11,794</u>
Other financing sources (uses)::	15,000	4,322	6,256	1,934
Net Change in Fund Balances:	(551)	(6,791)	6,937	13,728
Fund Balances - Beginning	92,279	92,279	92,279	-
Fund Balances - Ending:	<u>\$ 91,728</u>	<u>\$ 85,488</u>	<u>\$ 99,216</u>	<u>\$ 13,728</u>

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

City of Birmingham
Statement of Net Assets
Proprietary Funds
Emergency Management Communication District
June 30, 2011
(in thousands)

Assets

Current assets:	
Cash and investments	\$ 153
Total Current assets:	<u>153</u>
Restricted assets:	
Accounts and grants receivable	<u>29</u>
Total Restricted assets:	<u>29</u>
Property, plant, and equipment:	
Buildings and systems	1,025
Machinery and equipment	2,233
Less accumulated depreciation	<u>(2,459)</u>
Total Property, plant, and equipment:	<u>799</u>
Total Noncurrent Assets:	<u>799</u>
Total Assets:	<u>981</u>

Liabilities

Current liabilities:	
Accounts payable	<u>1</u>
Total Current liabilities:	<u>1</u>
Total Liabilities:	<u>1</u>

Net Assets

Invested in capital assets	919
Unrestricted	<u>61</u>
Total Net Assets:	<u>\$ 980</u>

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

City of Birmingham
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Emergency Management Communication District
For the Year Ended June 30, 2011
(in thousands)

Operating Revenues	
Service fees	\$ 6,392
Total Operating Revenues:	<u>6,392</u>
Operating Expenses	
Public safety	3,135
General and administrative	588
Repairs and maintenance	977
Depreciation	<u>55</u>
Total Operating Expenses:	<u>4,755</u>
Operating Income (Loss):	<u>1,637</u>
Nonoperating Revenues (Expenses)	
Interest income	<u>11</u>
Total Nonoperating Revenues (Expenses):	<u>11</u>
Income (Loss) Before Contributions and Transfers:	<u>1,648</u>
Change in Net Assets:	1,648
Total Net Assets - Beginning	(668)
Total :	<u>(668)</u>
Total Net Assets - Ending:	<u>\$ 980</u>

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

City of Birmingham, Alabama
Statement of Cash Flows
Proprietary Fund
Emergency Management Communication District
For the Year Ended June 30, 2011
(in thousands)

	2011
Cash flows from operating activities:	
Cash received from customers	\$ 6,403
Cash payments to suppliers	(7,961)
Cash payments to employees	(17)
Net cash from operating activities	(1,575)
	-
Cash flows from and related financing activities:	
Acquisition of capital assets	-
	-
Cash flows from investing activities:	
Interest received	11
	-
Net increase (decrease) in cash and cash equivalents	(1,564)
Cash and investments, beginning of year	1,717
Cash and investments, end of year	153
Reconciliation of operating loss to net cash used by operating activities:	
Operating gain (loss)	1,637
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:	
Depreciation	55
Change in accounts receivable	241
Change in prepaid items	-
Change in accounts payable and contracts payable	(26)
Change in due to other funds	(3,482)
Net cash from operating activities	\$ (1,575)

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

City of Birmingham
Statement of Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2011
(in thousands)

Assets	
Cash and cash equivalents	\$ 24,590
Receivables:	
Member contributions	-
Member loans	11,590
Interest and dividends	791
Total Receivables:	<u>12,381</u>
Investments, at fair value:	
U.S. government obligations	177,575
Domestic corporate bonds	204,173
Domestic stocks	543,711
Total Investments, at fair value:	<u>925,459</u>
Total Assets:	<u>962,430</u>
 Liabilities	
Accounts payable and other	842
Accrued payroll and payroll taxes payable	99
Total Liabilities:	<u>941</u>
 Net Assets	
Held in trust for future pension benefits	<u>961,489</u>
Total Net Assets:	<u>\$ 961,489</u>

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

City of Birmingham
Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Year Ended June 30, 2011
(in thousands)

Additions

Contributions:	
Employer Contributions	\$ 17,845
Plan member contributions	15,928
Investment income:	
Investment earnings	151,961
Securities lending	521
Other income	36
Investment Expenses	<u>(3,633)</u>
Total Additions	<u>182,658</u>
Total Additions	<u>182,658</u>

Deductions

Deductions:	
Benefits	79,476
Refunds of contributions	16,974
Administrative expenses	<u>1,177</u>
Total Deductions	<u>97,627</u>
Total Deductions	<u>97,627</u>
Change in Net Assets	85,031
Net Assets - Beginning	876,458
Total :	<u>876,458</u>
Net Assets - Ending	<u>\$ 961,489</u>

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

City of Birmingham
Combining Statement of Net Assets - Component Unit
June 30, 2011
(expressed in thousands)

	<u>Birmingham Airport Authority</u>	<u>Birmingham Parking Authority</u>	<u>Total Nonmajor Component Units</u>
Assets			
CURRENT ASSETS:			
Unrestricted assets:			
Cash and investments	\$ 32,948	\$ 3,912	\$ 36,860
Receivables:			
Accounts (net of uncollectibles)	1,154	172	1,326
Due from other governments	466	-	466
Prepaid items	331	101	432
Restricted assets:			
Cash and cash equivalents	12,596	-	12,596
Investments	140,498	-	140,498
Accounts and grants receivable	1,117	-	1,117
Accrued interest receivable	291	-	291
NONCURRENT ASSETS:			
Other assets:			
Deferred charges	4,497	-	4,497
Capital assets::			
Land	162,828	1,940	164,768
Buildings and capital facilities	106,263	-	106,263
Furniture and other equipment	14,452	891	15,343
Accumulated depreciation	(85,463)	(606)	(86,069)
Infrastructure	193,181	-	193,181
Accumulated depreciation, infrastructure	(65,977)	-	(65,977)
Construction in progress	62,104	-	62,104
Total Assets:	\$ 581,286	\$ 6,410	\$ 587,696

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

City of Birmingham
Combining Statement of Net Assets - Component Unit
June 30, 2011
(in thousands)

	<u>Birmingham Airport Authority</u>	<u>Birmingham Parking Authority</u>	<u>Total Nonmajor Component Units</u>
Liabilities and Net Assets			
Liabilities:			
CURRENT LIABILITIES:			
Payable from unrestricted assets:			
Accounts and vouchers payable	1,002	95	1,097
Accrued payroll and payroll taxes payable	-	203	203
Due to primary government	-	1,129	1,129
Deferred Revenue	-	70	70
Payable from restricted assets:			
Contracts Payable	2,507	-	2,507
Accrued Interest Payable	5,741	-	5,741
Current portion of revenue bonds payable	4,635	-	4,635
LONG TERM LIABILITIES:			
Compensated absences	379	214	593
Bonds and warrants payable, net	210,675	-	210,675
Total Liabilities:	<u>224,939</u>	<u>1,711</u>	<u>226,650</u>
Net Assets:			
Invested in capital assets, net of related debt	291,858	2,225	294,083
Restricted for:			
Restricted for debt service	30,022	-	30,022
Restricted for future projects	2,828	-	2,828
Unrestricted	31,639	2,474	34,113
Total Net Assets:	<u>356,347</u>	<u>4,699</u>	<u>361,046</u>
Total Liabilities and Net Assets:	<u>\$ 581,286</u>	<u>\$ 6,410</u>	<u>\$ 587,696</u>

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

City of Birmingham
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2011
(in thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Birmingham Airport Authority	Birmingham Parking Authority	Total
Nonmajor Component Units						
Total Birmingham Airport Authority	32,868	33,506	5,111	5,749		5,749
Total Birmingham Parking Authority	5,848	5,907	-	-	59	59
Total Nonmajor Component Units	<u>\$ 38,716</u>	<u>\$ 39,413</u>	<u>\$ 5,111</u>	<u>\$ 5,749</u>	<u>\$ 59</u>	<u>\$ 5,808</u>
General Revenues:						
Unrestricted investment earnings				162	16	178
				2,024		2,024
Total General Revenues				2,186	16	2,202
Change in Net Assets:				7,935	75	8,010
Net Assets - Beginning				348,412	4,624	353,036
Net Assets - Ending:				<u>\$ 356,347</u>	<u>\$ 4,699</u>	<u>\$ 361,046</u>

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

I. Organization and Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statements present the City and its component units, entities for which the City of Birmingham is considered to be financially accountable. The City'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, 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, 2011, totaled \$4,338,959.

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

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

Birmingham Airport Authority
5900 Airport Highway
Birmingham, Alabama 35222
Financial statement date: June 30, 2011

Birmingham Parking Authority
1732 5th Avenue North
Birmingham, Alabama 35203
Financial statement date: June 30, 2011

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 2011, the City provided funding to the BJCTA in the amount of \$11,500,389 and \$39,565 to the BHA. These organizations are related organizations that have not been included within the City's financial statements.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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 2011. The City does not have an equity ownership in this joint venture. Separate financial statements indicated a change in net assets of \$2,789,659 for the year ended August 31, 2010; net assets at August 31, 2010 totaled \$146,852,846. This is the most current audited information available. Complete financial statements for the BJCCA may be obtained at the administrative offices at 2100 Richard Arrington Jr. Blvd. North, Birmingham, AL 35203.

B. Government-wide and Fund Financial Statements

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

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements, the proprietary fund financial statements, and the fiduciary fund financial statements are all reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this focus and basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when the cash is received or expended. Property taxes are recognized as revenues in the year of their levy; grants and similar items are recognized as revenue when all the eligibility requirements of the providers have been met.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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

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

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

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

The 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).

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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.

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

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

D. Assets, Liabilities, and Net Assets or Equity

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

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

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

The City Shows Receivables at June 30, 2011 consist of the following:

	Governmental Activities	Business - Type Activities	Total Primary Government
Taxes Receivable	25,272,571	-	25,272,571
Customers and Other	17,708,359	29,067	17,737,426
Other Governments	4,617,477	-	4,617,477
Gross Receivable	47,598,407	29,067	47,627,474
Less: allowance for uncollectible	(5,632,583)	-	(5,632,583)
Net Receivable	\$ 41,965,824	\$ 29,067	\$ 41,994,891

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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

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

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

3. Inventories and Prepaid Items – Inventories are valued on the average cost basis. Inventory consists of expendable supplies held in the General Fund for consumption. The cost is recorded as an expenditure at the time individual items are used (consumption method). Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items.
4. Restricted assets – Certain assets of the Birmingham Airport Authority (component unit) are restricted by the terms of federal grants and programs. These particular funds are restricted for designated capital projects and any debt incurred to finance the construction of those projects.
5. Capital assets – Capital assets include property, buildings, furniture and other equipment, and infrastructure. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital outlays are recorded as expenditures of the governmental funds. Capital assets, other than infrastructure, are defined by the City as items with an estimated useful life of three years or more and an individual cost in excess of \$5,000. Capital assets are recorded at cost where historical cost is available or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value at time of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend useful lives are expensed. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

Infrastructure

25 – 50

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

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

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

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

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form-prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

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

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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

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

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

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

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

B. Fund Deficits of Non-Major Funds

Deficits in net assets/fund balance of non-major funds at June 30, 2011 are as follows:

Special Revenue Fund	
Grants Fund	\$2,207,000
BWWB Proceeds	\$501,000
Capital Projects Fund	
2004-A Warrants	\$61,000

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits - At June 30, 2011, the carrying amount of the City's demand deposits, certificates of deposits, and money market investments in all funds was \$126,741,933 and the bank balance was \$145,207,707.

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 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, 2011, 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	\$ 205,653,140	7.46
U.S. Treasuries	112,004,790	5.74
U.S. Corporate debt	242,954,757	6.57
U.S. Corporate stock	564,937,557	-
Total fair value	\$ <u>1,125,550,244</u>	
Portfolio weighted avg. maturity		6.59

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:

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

Fund Group	Weighted Avg. Duration Limit
Operating & Investment Fund	3 years
Sinking Fund	5 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
Birmingham Fund	7 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 \$38,028,185. Mortgage-backed securities are based on cash flows from the collection of mortgages. Prepayments arise when, for example, mortgage holders redeem their mortgages early. The investor's investment is returned early, or in extreme cases not returned at all. Mortgage-backed securities may be considered to be investments with terms that may cause their fair values to be highly sensitive to interest rate changes.

Credit Risk: The City's Retirement & Relief System's investment policy limits investments in all bonds to securities having a Standard & Poors rating of AAA, AA, A, or BBB, or a Moody's rating of Aaa, Aa, A, or Baa. The City's investments included the following bonds at June 30, 2011:

Description	Rating	Fair Value
U.S. Govt Agency Discount Notes, Bonds	AAA	\$ 205,653,140
U. S. Corporate Bonds:	AAA	\$ 28,126,439
	AA	28,595,401
	A	114,171,943
	BBB	72,060,974
		<u>242,954,757</u>
		<u>\$ 448,607,897</u>

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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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, 2011 was \$227,833,939 and \$223,839,877, respectively. The City has incurred no loss through its participation in the securities lending program, and has no anticipated risk exposure.

B. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows (in thousands):

	<u>June 30, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2011</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 139,441	\$ -	\$ 178	\$ 139,263
Construction in progress	22,625	36,304	3,517	55,412
Land, infrastructure projects	16,647	-	-	16,647
Total nondepreciable capital assets	<u>178,713</u>	<u>36,304</u>	<u>3,695</u>	<u>211,322</u>
Capital assets, depreciable:				
Buildings and capital facilities	183,588	660	196	184,052
Furniture and other equipment	165,827	1,798	17,630	149,995
Infrastructure	187,079	2,598	-	189,677
Total depreciable capital assets	<u>536,494</u>	<u>5,056</u>	<u>17,826</u>	<u>523,724</u>
Less accumulated depreciation:				
Buildings and capital facilities	96,669	3,761	156	100,274
Furniture and other equipment	116,494	7,765	15,945	108,314
Infrastructure	119,599	6,591	-	126,190
Total accumulated depreciation	<u>332,762</u>	<u>18,117</u>	<u>16,101</u>	<u>334,778</u>
Net depreciable capital assets	<u>203,732</u>	<u>(13,061)</u>	<u>1,725</u>	<u>188,946</u>
Governmental activities,	<u>\$ 382,445</u>	<u>\$ 23,243</u>	<u>\$ 5,420</u>	<u>\$ 400,268</u>

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

net capital assets

Business-type activities:				
Buildings and other capital facilities	\$ 1,025	\$ -	\$	\$ 1,025
Furniture and other equipment	2,349	-	116	2,233
Total capital assets	3,374	-	116	3,258
Less accumulated depreciation:				
Buildings and other capital facilities	399	21		420
Furniture and other equipment	2,120	34	116	2,038
Total accumulated depreciation	2,519	55	116	2,458
Business-type activities, net capital assets	\$ 855	\$ (55)	\$	\$ 800

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

Governmental activities:

Public safety, including depreciation of infrastructure assets	\$ 11,545
Streets and sanitation	2,934
Cultural and recreation	2,811
General government	826
Total depreciation - governmental activities	\$ 18,116

Business-type activities:

E-911 operations	\$ 55
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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, 2011, is as follows (in thousands):

Transfers Out	General Fund	Debt Service	Capital Projects	Non-Major Funds	Totals
General Fund	\$ -	\$ -	\$ 1,550	\$ 2,187	\$ 3,737
Debt Reserve	-	32,871	-	-	32,871
Non-Major Funds	918	-	2,642	-	3,560
	\$ 918	\$ 32,871	\$ 4,192	\$ 2,187	\$ 40,168

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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, 2011, are as follows:

Year ending June 30,		
2012	\$	53,000
Total minimum lease payments		53,000
Less amount representing interest		(1,000)
Present value of minimum lease payments	\$	52,000

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 \$422,165,000. 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, 2011, are as follows (in thousands):

<u>Bond Series/Interest Rate</u>	<u>Maturity</u>		
2002-A; 5.25%-5.5%	04/01/2013	\$	8,205
2002-B; 2.25%-5.25%	12/01/2015		4,020
2005-A; 3.75%-5.75%	11/01/2023		27,450
2006-A; 4.00%-5.00%	04/01/2024		76,660
2006-B; 4.00%-5.00%	10/01/2015		46,890
2007-A; 4.00%-5.00%	12/01/2032		114,035
Total		\$	277,260

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>
2012	\$ 21,185	\$ 12,989
2013	22,130	12,027
2014	20,225	10,863
2015	21,230	9,823
2016	21,065	8,399
2017-2021	60,530	30,087
2022-2026	34,650	21,563

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

2027-2031	52,415	11,714
2032-2033	24,830	1,131
Total	\$ 277,260	\$ 118,595

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 \$266,335,000. The warrants outstanding at June 30, 2011, are as follows (in thousands):

<u>Bond Series/Interest Rate</u>	<u>Maturity</u>		
2001-C; 4%-5%	05/01/2012	\$	965
2003-A; 5.25%	06/01/2014		5,370
2003-B; 1.2%-5%	07/01/2014		7,140
2004-B; 2.3%-4%	04/01/2020		5,755
2006-C; 4%-5%	04/01/2033		24,740
2007-B; 4%-5%	03/01/2030		23,790
2009-A; 3%-4.5%	06/01/2026		17,230
2010-A; 2%-4.5%	02/01/2018		61,780
2010-B; 4.2%-7%	02/01/2040		39,115
2010-RB (One month Libor plus 2.5%)	08/01/2013		5,400
2010-CTB (One month Libor plus 2.95%)	08/01/2013		900
Total		\$	192,185

Revenue Warrants:

2009-A Tax Increment Financing	\$	7,000
2009-B Tax Increment Financing		13,810
Total	\$	20,810

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

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 16,970	\$ 8,935
2013	15,940	8,083
2014	21,655	7,345
2015	12,495	7,345
2016	13,055	6,044
2017-2021	59,105	21,958
2022-2026	26,360	13,214
2027-2031	23,810	7,656
2032-2036	14,100	3,232
2037-2040	9,505	929
Total	\$ 212,995	\$ 83,987

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$ 277,260
Warrants payable	192,185
Revenue warrants	20,810
	490,255
Less current maturities	(38,155)
Unamortized premium and discount	17,945
	\$ 470,045

Changes in long-term liabilities (in thousands):

Due

	Balance July 1, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Governmental activities:					
Bonds and warrants payable (net of premium and discounts)	\$ 473,904	\$ 109,655	\$ 81,659	\$ 501,900	\$ 38,155
Capital leases	20,950	-	20,898	52	52
Worker's compensation claims	11,947	2,318	-	14,265	-
Compensated absences	16,419	-	2,143	14,276	977
Closure and postclosure costs	6,239	1,707	-	7,946	-
OPEB liability	18,188	5,283	-	23,471	-
Total	\$ 547,647	\$ 118,963	\$ 104,700	\$ 561,910	\$ 39,184

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

The City issued \$63.54 million General Obligation Refunding Warrants, Series 2010-A; (a) currently refunding the City's obligations under a certain lease purchase agreement, in the amount of \$17,505,538 and the City's outstanding \$1,000,000 General Obligation Warrants, Series 1997 and (b) advance refunding the City's outstanding (i) \$2,980,000 General Obligation Refunding Warrants, Series 2001-B; (ii) \$19,835,000 General Obligation Warrants, Series 2001-C maturing in 2013 – 2018; (iii) \$8,440,000 General Obligation Warrants, Series 2003-A, maturing in 2015 – 2018 (iv) \$13,665,000 General Obligation Refunding Warrants, Series 2003-B, maturing in 2014 – 2017. The net present value of debt service savings was \$2,265,913.

Also during the year, the City issued its \$39,115,00 General Obligation Recovery Zone Economic Development Warrants, Series 2010-B to fund various capital projects throughout the City. These taxable warrants receive a 45% Federal interest subsidy.

During the year City issued its \$7,000,000 of its General Obligation Warrants, Series 2010 RB and CBT, and repaid 700,000 of the warrants. The warrants reimbursed the City for recent capital improvements.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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 failed to overrule a lower appellate court's opinion that the City of Birmingham was not exempt from the State of Alabama's worker compensation rules. The City's current legal position is based on a determination that the Alabama Supreme Court addressed a portion of the appellate issues and did not address directly the issue of whether the City's special exemption applied. The City has preserved the issue in appropriate cases now pending at the trial court level. At this time, none of these cases have reached the point of appeal. The city currently has in force an excess workers compensation insurance policy, whereby the City retains the first \$1,000,000 claim and has a \$2,000,000 corridor deductible. The City had a professional actuary estimate its' liability at June 30, 2011. This amount was calculated to be \$14,264,992 and has been accrued on the government-wide financial statements. The changes to the liability for workers compensation claims are shown below:

<u>June 30</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2011	\$ 11,947	\$ 2,318	-	\$ 14,265
2010	2,836	9,111	-	11,947
2009	2,836	-	-	2,836
2008	7,200	(4,364)	-	2,836
2007	7,200	-	-	7,200
2006	7,200	-	-	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, in the aggregate, where more than two persons have claims or judgments on account of personal injuries and deaths arising from a single occurrence. The Supreme Court of Alabama has upheld the constitutionality of this statute. The City 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, 2011, the

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

amount of these liabilities totaled \$1,589,674.00 and is considered a current liability. The liability is the City's best estimate based on available information.

Changes in the General Fund's claims liability amount in the last four fiscal years are as follows (in

thousands):

<u>June 30</u>	<u>Beginning Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2011	1,696	953	1060	1,589
2010	\$ 1,948	\$ 613	\$ 865	\$ 1,696
2009	3,087	449	1,588	1,948
2008	3,235	944	1,092	3,087

G. Commitments and Contingencies

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

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

Tax Increment Financing Warrants

On November 6, 2009, the City issued its Tax Increment Financing District No. 1 Revenue Warrant No. 1, dated November 6, 2009, in aggregate principal amount of \$14,000,000 and its Tax Increment Financing District No. 1 Revenue Warrant No. 2, dated November 6, 2009, in

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

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

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

Civic Center Authority Obligations

The Birmingham-Jefferson Civic Center Authority (the "Civic Center Authority") has heretofore issued its Special Tax Refunding Bonds, Series 2002-A, and its Special Tax Refunding Bonds, Series 2003-A (Taxable) (collectively, the "Civic Center Authority Obligations"). In connection with the issuance of the bonds of the Civic Center Authority in 1989, the City and the Civic Center Authority entered into a Pledge and Appropriation Agreement in which the City agreed to make annual payments (solely out of the proceeds of its occupational license tax) of \$3,000,000 through the fiscal year ending June 30, 2011 and \$1,500,000 in the fiscal year ending June 30, 2012, to provide a source of payment for the Civic Center Authority bonds issued in 1989. The bonds issued in 1989 have since been refunded by a portion of the Civic Center Authority Obligations. The City's Pledge and Appropriation Agreement continues to benefit the Civic Center Authority Obligations and provides for the payment of a portion of the debt service on such obligations, the last payment due December 25, 2011 in the amount of \$1,500,000.00.

Economic Development Incentive Obligations

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

City of Birmingham, Alabama
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June 30, 2011

The aggregate outstanding obligation of the City under these other agreements is approximately \$104,700,000. These obligations are limited obligations of the City payable generally as rebates of taxes received by the City from the private entity.

Commercial Development Authority of the City of Birmingham 2011 Funding Agreement

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

Funding Agreement dated February 1, 2011	Bonds of The Commercial Dev. Auth. of the City of Birmingham (Civic Center Improvements Project)	Annual Funding Agreement Payments 2012-2041, inclusive	Average Annual Payment \$4,995,000
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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 \$7.9 million reported as closure and postclosure cost liability at June 30, 2011, represents the cumulative amount reported to date based on the use of approximately 86 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 2011. 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.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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 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, 2010. 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, 2010 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%

City of Birmingham, Alabama
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June 30, 2011

2009	17,050,689	12,770,110	74.9%
2010	21,118,910	13,224,808	62.6%

Supplementary Information for Retirement & Relief System

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2010
Basis for Contributions	7/1/2010
Cost Method	Entry Age Normal

Amortization:

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

Asset Valuation Method

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

Assumptions:

Investment Earnings	7.00
Salary Increase:	
Inflation	3.0%
Merit, Longevity, etc.	Varies from .00% to 6.5%
Administrative Expense	Changes from \$180,000 to \$270,000

Plan Membership:

Retired participants and beneficiaries receiving benefits	2,555
Terminated participants entitled to, but not yet receiving benefits	232
Active participants	<u>4,073</u>
Total membership	<u>6,860</u>

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Liability (AAL)- Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2001	\$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%

City of Birmingham, Alabama
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June 30, 2011

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%
7/1/2010	913,077,824	1,113,441,433	200,363,609	82.01%	193,229,880	103.69%

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)
2010	21,118,910	13,224,808	(203,193)	(218,620)	13.2777	21,134,337	7,909,529	5,006,770

Annual Pension Percentage of APC

Fiscal Year Ending	Cost (APC)	Contributed	Net Pension Obligation (Asset)
06/30/09	\$14,872	81%	
06/30/10	17,089	75%	\$(7,221)
06/30/11	21,134	63%	(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%

City of Birmingham, Alabama
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June 30, 2011

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	94.2%
2010	5,043,635	3,945,000	78.2%

Schedule of Funding Progress

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

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

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2010
Basis for Contributions	7/1/2010
Cost Method	Entry Age Normal

Amortization:

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

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

Assumptions:

Investment Earnings	7.00
Salary Increase:	
Inflation	3.0%
Merit, Longevity, etc.	Varies from .50% to 6.50%

Plan Membership:

Retired participants and beneficiaries	295
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City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

receiving benefits	
Active participants	<u>1,520</u>
Total membership	<u>1,815</u>

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	\$ -	\$ -	9.3741	\$ 2,756,102	\$(179,898)	\$ (179,898)
2003	2,722,342	3,039,000	(13,492)	(18,109)	9.9343	2,726,959	(312,041)	(491,939)
2004	2,570,134	3,260,000	(36,895)	(50,584)	9.7252	2,583,823	(676,177)	(1,168,116)
2005	2,647,128	3,244,000	(87,609)	(120,538)	9.6908	2,680,057	(563,943)	(1,732,059)
2006	2,630,520	3,463,000	(129,904)	(136,424)	12.6962	2,637,040	(825,960)	(2,558,020)
2007	2,888,088	3,599,000	(179,061)	(192,656)	13.2777	2,901,683	(697,317)	(3,255,337)
2008	3,072,635	3,405,000	(227,874)	(245,174)	13.2777	3,089,935	(315,065)	(3,570,402)
2009	4,381,216	4,127,000	(249,928)	(268,903)	13.2777	4,400,191	273,191	(3,297,211)
2010	5,043,635	3,945,000	(230,805)	(248,327)	13.2777	5,061,157	1,116,157	(2,181,054)

Annual Pension Percentage of APC

Fiscal Year Ending	Cost (APC)	Contributed	Net Pension Obligation (Asset)
06/30/09	\$3,090	110%	\$(3,570)
06/30/10	4,400	94%	(3,297)
06/30/11	5,061	78%	(2,181)

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.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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

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

Supplementary information for the Unclassified Employees Pension & Relief Fund

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2010
Basis for Contributions	7/1/2010
Cost Method	Aggregate Cost Method
Asset Valuation Method	Market Value

Assumptions:

Investment Earnings	7.00
Salary Increase	N/A

Plan Membership:

Retired participants and beneficiaries receiving benefits	25
Active participants	<u>3</u>
Total membership	<u>28</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 1 beneficiary.

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%
2010	0	100%

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

Analysis of Funding Progress

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

Supplementary information for Firemen's Pension & Relief

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2010
Basis for Contributions	7/1/2010
Cost Method	Funded Frozen Plan

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 3 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%
2010		17,549	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	7/1/2010
Basis for Contributions	7/1/2010
Cost Method	Funded Frozen Plan

Assumptions:

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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 3 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%
2010	20,918	100%

Analysis of Funding Progress

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

Supplementary information for Limited Firemen's Pension & Relief

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2010
Basis for Contributions	7/1/2010
Cost Method	Frozen Plan

Assumptions:

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

Limited Policemen's Retirement and Relief System – This system covers certain designated policemen formerly members of the Policemen's Pension and Relief Fund. Current membership includes 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%
2010	14,301	100%

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2010
Basis for Contributions	7/1/2010
Cost Method	Frozen Plan

Assumptions:

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

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

Schedule of Employer Contributions

Plan Year Ended June 30,	Annual Required Contributions	Actual Contributions	Percentage Contributed
2005	\$-	\$35,102	100%
2006	-	35,107	100%
2007	-	32,492	100%
2008	-	25,416	100%
2009	-	21,592	100%
2010	-	20,397	100%
2011	-	-	-

Supplementary Information for Retirement & Relief System Health Department Employees

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2010
Basis for Contributions	7/1/2010
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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

market value.

Assumptions:

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

Plan Membership:

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

Schedule of Funding Progress

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

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 \$62 per month for dental insurance and \$139 to \$950 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 2011 is 4.00%. Total claim payments for fiscal year 2011 were approximately \$3.8 million net of participants' and pension plans' contributions. A copy of the actuarial report can be obtained by making a request to the City's Finance Department. The following table shows the components of the City's annual OPEB cost for

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

fiscal year 2011 and 2010, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

	2011	2010
Annual required contribution	\$ 8,705	\$ 8,705
Interest on net OPEB obligation	727	536
ARC adjustment	(350)	(774)
Annual OPEB Cost	9,082	8,467
Contributions Made	(3,800)	(3,700)
Increase in Net OPEB	5,282	4,767
Net OPEB Obligation, beginning of year	18,188	13,421
Net OPEB Obligation, end of year	\$ 23,470	\$ 18,188

The City's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for fiscal year 2011, 2010 and 2009 are as follows (in thousands):

Fiscal Year Ended	Net OPEB Obligation Beginning of Year	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Percentage Annual OPEB Cost Contributed
2009	\$6,814	\$10,207	\$3,600	\$13,421	35.27%
2010	13,421	8,467	3,700	18,188	43.70%
2011	18,188	9,082	3,800	23,470	77.49%

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	\$ -	\$ 97,801	\$ 97,801	0.00%	\$ 168,940	57.89%
6/30/2009	-	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

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2011

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
Total plan members	\$ 5,947

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

Issuance of General Obligation Refunding Bonds

On October 28, 2011, the City issued \$8,400,000 in General Obligation Refunding Bonds, Series 2011 (the Series 2011 Bonds). The Series 2011 Bonds were issued for the purposes of currently refunding the City's outstanding Series 2002A General Obligation Refunding Bonds due in 2012 and 2013 in the amount of \$8,205,000. The refunding resulted in net present value of interest cost savings over the same term of approximately \$113,000.

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

Execution of Funding Agreements

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

OTHER SUPPLEMENTARY INFORMATION



City of Birmingham
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2011
(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
Assets								
Cash and cash equivalents	\$ 21,386	\$ 2,102	\$ 24	\$ -	\$ -	\$ (2)	\$ 1,079	\$ 24,589
Receivables:								
Member contributions	-	-	-	-	-	-	-	-
Member loans	11,590	-	-	-	-	-	-	11,590
Interest and dividends	780	10	-	-	-	-	-	790
Total Receivables:	<u>12,370</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,380</u>
Investments, at fair value:								
U.S. government obligations	166,580	10,994	-	-	-	-	-	177,574
Domestic corporate bonds	189,362	14,811	-	-	-	-	-	204,173
Domestic stocks	524,534	19,179	-	-	-	-	-	543,713
Total Investments, at fair value:	<u>880,476</u>	<u>44,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925,460</u>
Total Assets:	<u>914,232</u>	<u>47,096</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>1,079</u>	<u>962,429</u>
Liabilities								
Accounts payable and other	790	52	-	-	-	-	-	842
Accrued payroll and payroll taxes payable	76	23	-	-	1	(1)	-	99
Total Liabilities:	<u>866</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>941</u>
Net Assets								
Held in trust for future pension benefits	913,367	47,022	24	-	(1)	(1)	1,079	961,490
Total Net Assets:	<u>\$ 913,367</u>	<u>\$ 47,022</u>	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 1,079</u>	<u>\$ 961,490</u>

**City of Birmingham
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2011
(in thousands)**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues				
Taxes	\$ 226,199	\$ 235,177	\$ 238,243	\$ 3,066
Licenses and permits	84,568	84,690	79,984	(4,706)
Intergovernmental	13,927	13,927	17,916	3,989
Charges for services	13,012	13,012	13,788	776
Fines and forfeitures	5,305	5,305	4,223	(1,082)
Investment income	1,130	1,130	748	(382)
Other operating revenues	5,766	6,430	9,637	3,207
Total Revenues:	349,907	359,671	364,539	4,868
Expenditures				
Current Expenditures:				
Public safety:				
Police	86,898	85,991	84,042	1,949
Fire	56,179	54,704	56,695	(1,991)
Planning, Engineering & Permits	14,077	15,417	15,025	392
Traffic Engineering	10,551	10,205	10,373	(168)
Municipal Court	5,241	4,919	4,645	274
Street and sanitation:				
Public Works	49,792	50,061	48,058	2,003
Cultural & recreational:				
Park & Recreation	10,629	11,158	11,340	(182)
Library	15,794	14,770	14,718	52
Arlington Historical Home	602	531	532	(1)
Boutwell Auditorium	1,194	1,194	1,259	(65)
Museum of Art	3,509	3,451	3,154	297
Sloss Furnace	749	660	579	81
Southern Museum of Flight	644	601	583	18
State Fairgrounds	545	534	415	119
General government:				
Finance	10,500	10,289	9,572	717
Equipment Management	14,726	14,960	15,069	(109)
Information Management Services	9,576	10,149	9,391	758
City Clerk	1,050	1,050	925	125
Community Development	697	656	620	36
Council Office	2,825	2,550	2,367	183
Legal	5,304	6,104	5,628	476
Mayor's Office	6,157	6,123	6,019	104
Personnel	6,398	6,658	6,526	132
Nondepartmental	24,946	42,857	40,747	2,110
Debt Service:				
Principal	4,823	8,610	8,936	(326)
Interest and fees	4,951	5,411	6,388	(977)
Capital Outlay:				
Capital outlays	17,101	1,171	252	919
Total Expenditures:	365,458	370,784	363,858	6,926
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	(15,551)	(11,113)	681	11,794
Other financing sources (uses)::				
Proceeds from issuance of debt	15,000	7,000	7,000	-
(Premium)/Discount on debt issuance	-	-	(43)	(43)
Transfers in	-	-	1,977	1,977
Transfers out	-	(2,678)	(2,678)	-
Total Other financing sources (uses)::	15,000	4,322	6,256	1,934
Net Change in Fund Balances:	(551)	(6,791)	6,937	13,728
Fund Balances - Beginning	92,279	92,279	92,279	-
Fund Balances - Ending:	\$ 91,728	\$ 85,488	\$ 99,216	\$ 13,728

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

Special Lodging Tax Revenue

The fund is used to account for the proceeds of the City's Lodging tax, levied at the rate of 3.5%, which became effective January 15, 2011.

Debt Service Funds

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

Capital Projects Funds

Capital Project Funds are used to account for the proceeds and uses of specific general obligation bonds and warrants.

City of Birmingham
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
(in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 12,309	\$ 430	\$ 43,886	\$ 56,625
Cash with fiscal agent	-	1,461	-	\$ 1,461
Receivables:				\$ -
Accounts (net of uncollectibles)	427	-	-	\$ 427
Notes (net of uncollectibles)	32	-	-	\$ 32
Loans	1,124	-	-	\$ 1,124
Due from other governments	18	-	-	\$ 18
Other	53	-	-	\$ 53
Total Assets:	<u>\$ 13,963</u>	<u>\$ 1,891</u>	<u>\$ 43,886</u>	<u>\$ 59,740</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts and vouchers payable	618	25	867	1,510
Contracts payable-retainage	65	345	713	1,123
Accrued payroll and payroll taxes payable	198	-	-	198
Deferred revenue	1,242	-	-	1,242
Other liabilities	65	-	-	65
Total Liabilities:	<u>2,188</u>	<u>370</u>	<u>1,580</u>	<u>4,139</u>
Fund Balances:				
Restricted				
Debt Service	-	1,520	-	1,520
Capital Projects	-	-	42,305	42,305
Committed				
Stabilization	-	-	-	-
Neighborhood Improvements	9,677	-	-	9,677
Community Development	517	-	-	517
Other Purposes	1,582	-	-	1,582
Assigned				
Debt Services	-	-	-	-
Unassigned				
Unassigned	-	-	-	-
Total Fund Balances:	<u>11,776</u>	<u>1,520</u>	<u>42,305</u>	<u>55,601</u>
Total Liabilities and Fund Balances:	<u>\$ 13,964</u>	<u>\$ 1,890</u>	<u>\$ 43,885</u>	<u>\$ 59,740</u>

City of Birmingham
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
(amounts expressed in thousands)

1 of 4

	Special Revenue Funds							
	Neighborhood Allocation	Grants Fund	Technology	Correction Fund	BWVB Proceeds	HUD Block Grant Fund	Home Fund	Special Lodging Tax Revenue
Assets								
Cash and investments	\$ 9,934	\$ (2,112)	\$ 52	\$ 3,003	\$ (493)	\$ 695	\$ (108)	\$ 1,338
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Accounts (net of uncollectibles)	3	55	-	-	-	233	136	-
Notes (net of uncollectibles)	-	-	-	-	-	32	-	-
Loans	144	-	-	-	-	980	-	-
Due from other governments	-	-	-	-	-	-	18	-
Other	53	-	-	-	-	-	-	-
Total Assets:	\$ 10,134	\$ (2,057)	\$ 52	\$ 3,003	\$ (493)	\$ 1,940	\$ 46	\$ 1,338
Liabilities and Fund Balances								
Liabilities:								
Accounts and vouchers payable	85	57	6	48	-	382	39	-
Contracts payable-retainage	-	56	-	-	8	-	-	-
Accrued payroll and payroll taxes payable	-	27	-	47	-	117	7	-
Deferred revenue	318	-	-	-	-	924	-	-
Other liabilities	55	10	-	-	-	-	-	-
Total Liabilities:	458	150	6	95	8	1,423	46	-
Fund Balances:								
Restricted								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-
Committed								
Neighborhood Improvements	9,677	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	517	-	-
Other Purposes	-	(2,207)	46	2,908	(501)	-	-	1,338
Assigned								
Debt Services	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances:	9,677	(2,207)	46	2,908	(501)	517	-	1,338
Total Liabilities and Fund Balances:	\$ 10,135	\$ (2,057)	\$ 52	\$ 3,003	\$ (493)	\$ 1,940	\$ 46	\$ 1,338

City of Birmingham
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
(amounts expressed in thousands)

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Debt Service Funds

	Total	2010 A Refunding	Tax Increment Financing	Total	1992 Bonds	1993 Bonds	1995 Bonds	1997 Bonds
Assets								
Cash and investments	\$ 12,309		\$ 430	\$ 430	\$ 52	\$ 305	\$ 612	\$ 803
Cash with fiscal agent	-		1,461	1,461	-	-	-	-
Receivables:								
Accounts (net of uncollectibles)	427	-	-	-	-	-	-	-
Notes (net of uncollectibles)	32	-	-	-	-	-	-	-
Loans	1,124	-	-	-	-	-	-	-
Due from other governments	18	-	-	-	-	-	-	-
Other	53	-	-	-	-	-	-	-
Total Assets:	\$ 13,963	\$ -	\$ 1,891	\$ 1,891	\$ 52	\$ 305	\$ 612	\$ 803
Liabilities and Fund Balances								
Liabilities:								
Accounts and vouchers payable	617	-	25	25	-	16	12	-
Contracts payable-retainage	64	-	345	345	-	-	-	-
Accrued payroll and payroll taxes payable	198	-	-	-	-	-	-	-
Deferred revenue	1,242	-	-	-	-	-	-	-
Other liabilities	65	-	-	-	-	-	-	-
Total Liabilities:	2,186	-	370	370	-	16	12	-
Fund Balances:								
Restricted								
Debt Service	-	-	1,520	1,520	-	-	-	-
Capital Projects	-	-	-	-	52	288	600	803
Committed								
Neighborhood Improvements	9,677	-	-	-	-	-	-	-
Community Development	517	-	-	-	-	-	-	-
Other Purposes	1,582	-	-	-	-	-	-	-
Assigned								
Debt Services	-	-	-	-	-	-	-	-
Unassigned								
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances:	11,776	-	1,520	1,520	52	288	600	803
Total Liabilities and Fund Balances:	\$ 13,962	\$ -	\$ 1,890	\$ 1,890	\$ 52	\$ 304	\$ 612	\$ 803

City of Birmingham
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
(amounts expressed in thousands)

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Capital Projects Funds

	1998-A Warrants	1998-B Warrants	1999-B Bonds	2000-A Warrants	2001-A School Warrants	2002 Bonds	2004-A Warrants	2006-C G.O. Warrants
Assets								
Cash and investments	\$ 943	\$ 851	\$ 87	\$ 577	\$ 123	\$ 3,237	\$ (61)	\$ 2,252
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-
Notes (net of uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total Assets:	\$ 943	\$ 851	\$ 87	\$ 577	\$ 123	\$ 3,237	\$ (61)	\$ 2,252
Liabilities and Fund Balances								
Liabilities:								
Accounts and vouchers payable	-	2	-	-	-	126	-	10
Contracts payable-retainage	-	-	7	-	-	13	-	16
Accrued payroll and payroll taxes payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities:	-	2	7	-	-	139	-	26
Fund Balances:								
Restricted								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	943	849	79	577	123	3,098	(61)	2,226
Committed								
Neighborhood Improvements	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-
Assigned								
Debt Services	-	-	-	-	-	-	-	-
Unassigned								
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances:	943	849	79	577	123	3,098	(61)	2,226
Total Liabilities and Fund Balances:	\$ 943	\$ 851	\$ 86	\$ 577	\$ 123	\$ 3,237	\$ (61)	\$ 2,252

City of Birmingham
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
(amounts expressed in thousands)

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	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants	Total	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$ 2,981	\$ 30,977	\$ 147	\$ 43,886	\$ 56,625
Cash with fiscal agent	-	-	-	-	1,461
Receivables:					
Accounts (net of uncollectibles)	-	-	-	-	427
Notes (net of uncollectibles)	-	-	-	-	32
Loans	-	-	-	-	1,124
Due from other governments	-	-	-	-	18
Other	-	-	-	-	53
Total Assets:	\$ 2,981	\$ 30,977	\$ 147	\$ 43,886	\$ 59,740
Liabilities and Fund Balances					
Liabilities:					
Accounts and vouchers payable	108	593	-	871	1,512
Contracts payable-retainage	18	659	-	713	1,122
Accrued payroll and payroll taxes payable	-	-	-	-	198
Deferred revenue	-	-	-	-	1,242
Other liabilities	-	-	-	-	65
Total Liabilities:	126	1,252	-	1,584	4,139
Fund Balances:					
Restricted					1,520
Debt Service	-	-	-	-	-
Capital Projects	2,856	29,725	147	42,305	42,305
Committed					
Neighborhood Improvements					9,677
Community Development	-	-	-	-	517
Other Purposes	-	-	-	-	1,582
Assigned	-	-	-	-	-
Debt Services					
Unassigned	-	-	-	-	-
Total Fund Balances:	2,856	29,725	147	42,305	55,601
Total Liabilities and Fund Balances:	\$ 2,982	\$ 30,977	\$ 147	\$ 43,889	\$ 59,740

City of Birmingham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011
(in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
Revenues					
Taxes	\$ 1,338	\$ 4	\$ -	\$ -	\$ 1,341
Intergovernmental	23,580	-	-	-	23,580
Charges for services	68	-	-	-	68
Fines and forfeitures	1,260	-	-	-	1,260
Investment income	70	7	316	-	393
Other operating revenues	656	633	9	-	1,298
Total Revenues:	26,972	644	325	-	27,940
Expenditures					
Current Expenditures:					
Public safety:					
Police	2,965	-	-	-	2,965
Fire	161	-	-	-	161
Planning, Engineering & Permits	561	-	947	-	1,508
Municipal Court	1,711	-	-	-	1,711
Nondepartmental	-	-	296	-	296
Street and sanitation:					
Public Works	28	-	669	-	697
Cultural & recreational:					
Park & Recreation	117	-	31	-	148
Nondepartmental	-	-	393	-	393
General government:					
Finance	510	-	-	-	510
Community Development	15,582	-	1,097	-	16,679
Mayor's Office	21	-	-	-	21
Nondepartmental	1,424	-	3,321	-	4,745
Debt Service:					
Principal	-	190	-	-	190
Interest and fees	-	1,126	-	-	1,126
Capital Outlay:					
Capital outlays	6,116	5,207	10,239	-	21,562
Total Expenditures:	29,196	6,523	16,993	-	52,712
Excess (Deficiency) of Revenues Over (Under)					
Expenditures:	(2,224)	(5,879)	(16,668)	-	(24,772)
Other financing sources (uses)::					
Proceeds from issuance of debt	-	63,540	821	-	64,361
(Premium)/Discount on debt issuance	-	4,170	-	-	4,170
Payments to Escrow Agent	-	(67,511)	-	-	(67,511)
Transfers in	210	-	918	-	1,128
Transfers out	(2,642)	-	(918)	-	(3,560)
Total Other financing sources (uses)::	(2,432)	199	821	-	(1,412)
Net Change in Fund Balances:	(4,656)	(5,680)	(15,847)	-	(26,184)
Fund Balances - Beginning	16,433	7,200	58,152	-	81,785
Fund Balances - Ending:	\$ 11,777	\$ 1,520	\$ 42,305	\$ -	\$ 55,601

City of Birmingham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011
(in thousands)

1 of 4

Special Revenue Funds										
	Neighborhood Allocation	Grants Fund	Technology	Correction Fund	BWWB Proceeds	HUD Block Grant Fund	Home Fund	Special Lodging Tax Revenue	Total	2010A Refunding
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,338	\$ 1,338	\$ -
Intergovernmental	6	14,803	-	-	-	5,119	3,652	-	23,580	-
Charges for services	68	-	-	-	-	-	-	-	68	-
Fines and forfeitures	-	79	56	1,124	-	-	-	-	1,259	-
Investment income	66	-	-	3	1	-	-	-	70	-
Other operating revenues	655	1	-	-	-	-	-	-	656	-
Total Revenues:	795	14,883	56	1,127	1	5,119	3,652	1,338	26,971	-
Expenditures										
Current Expenditures:										
Public safety:										
Police	170	2,769	-	27	-	-	-	-	2,966	-
Fire	1	160	-	-	-	-	-	-	161	-
Planning, Engineering & Permits	-	561	-	-	-	-	-	-	561	-
Municipal Court	-	237	66	1,408	-	-	-	-	1,711	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Street and sanitation:										
Public Works	28	-	-	-	-	-	-	-	28	-
Cultural & recreational:										
Park & Recreation	84	33	-	-	-	-	-	-	117	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-
General government:										
Finance	-	510	-	-	-	-	-	-	510	-
Community Development	341	6,465	-	-	-	5,123	3,652	-	15,581	-
Mayor's Office	5	16	-	-	-	-	-	-	21	-
Nondepartmental	552	780	-	-	92	-	-	-	1,424	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	199
Capital Outlay:										
Capital outlays	45	3,178	-	110	2,788	(4)	-	-	6,117	-
Total Expenditures:	1,226	14,709	66	1,545	2,880	5,119	3,652	-	29,197	199
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(431)	174	(10)	(418)	(2,879)	-	-	1,338	(2,226)	(199)
Other financing sources (uses):										
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	-	63,540
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-	-	4,170
Payment to escrow agent	-	-	-	-	-	-	-	-	-	(67,511)
Transfers in	210	-	-	-	-	-	-	-	210	-
Transfers out	(2,642)	-	-	-	-	-	-	-	(2,642)	-
Total Other financing sources (uses):	(2,432)	-	-	-	-	-	-	-	(2,432)	199
Net Change in Fund Balances:	(2,863)	174	(10)	(418)	(2,879)	-	-	1,338	(4,658)	-
Fund Balances - Beginning	12,540	(2,383)	56	3,326	2,378	517	-	-	16,434	-
Fund Balances - Ending:	\$ 9,677	\$ (2,209)	\$ 46	\$ 2,908	\$ (501)	\$ 517	\$ -	\$ 1,338	\$ 11,776	\$ -

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

City of Birmingham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011
(in thousands)

2 of 4

Debt Service Funds										
	Tax Increment Financing	Total	1992 Bonds	1993 Bonds	1995 Bonds	1997 Bonds	1998-A Bonds	1998-A Warrants	1998-B Warrants	1999-B Bonds
Revenues										
Taxes	\$ 4	\$ 4	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Investment income	7	7	-	-	1	8	-	5	9	2
Other operating revenues	633	633	-	-	-	-	-	-	-	-
Total Revenues:	644	644	-	-	1	8	-	5	9	2
Expenditures										
Current Expenditures:										
Public safety:										
Police	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	-	-	-	-	-	170	-	-	72	333
Municipal Court	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	2	-	-	-	-	-
Street and sanitation:										
Public Works	-	-	-	253	71	1	-	-	40	-
Cultural & recreational:										
Park & Recreation	-	-	-	-	-	-	-	-	2	-
Nondepartmental	-	-	-	-	-	-	102	-	-	-
General government:										
Finance	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	316	-	-	-	-
Mayor's Office	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	79	-	-	-	100	-	-
Debt Service:										
Principal	190	190	-	-	-	-	-	-	-	-
Interest and fees	927	1,126	-	-	-	-	-	-	-	-
Capital Outlay:										
Capital outlays	5,207	5,207	-	-	-	268	-	4	32	7
Total Expenditures:	6,324	6,523	-	332	73	755	102	104	146	340
Excess (Deficiency) of Revenues Over (Under)										
Expenditures:	(5,680)	(5,879)	-	(332)	(72)	(747)	(102)	(99)	(137)	(338)
Other financing sources (uses)::										
Proceeds from issuance of debt	-	63,540	-	-	-	-	-	-	-	-
(Premium)/Discount on debt issuance	-	4,170	-	-	-	-	-	-	-	-
Payment to escrow agent	-	(67,511)	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total Other financing sources (uses)::	-	199	-	-	-	-	-	-	-	-
Net Change in Fund Balances:	(5,680)	(5,680)	-	(332)	(72)	(747)	(102)	(99)	(137)	(338)
Fund Balances - Beginning	7,200	7,200	52	621	671	1,550	102	1,042	985	417
Fund Balances - Ending:	\$ 1,520	\$ 1,520	\$ 52	\$ 289	\$ 599	\$ 803	\$ -	\$ 943	\$ 848	\$ 79

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

City of Birmingham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011
(in thousands)

3 of 4

Capital Projects Funds										
	2000-A Warrants	2001-A School Warrants	2002 Bonds	2004-A Warrants	2006-C G.O. Warrants	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants	Commercial Development Authority	Total
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Investment income	4	1	108	-	8	25	144	-	-	315
Other operating revenues	9	-	-	-	-	-	-	-	-	9
Total Revenues:	13	1	108	-	8	25	144	-	-	324
Expenditures										
Current Expenditures:										
Public safety:										
Police	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	137	-	-	-	-	42	194	-	-	948
Municipal Court	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	232	61	-	-	-	-	-	295
Street and sanitation:										
Public Works	-	-	304	-	-	-	-	-	-	669
Cultural & recreational:										
Park & Recreation	-	-	31	-	-	(1)	-	-	-	32
Nondepartmental	-	-	-	-	-	-	291	-	-	393
General government:										
Finance	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	781	-	-	1,097
Mayor's Office	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	7	-	1,830	146	337	-	821	3,320
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-
Capital Outlay:										
Capital outlays	63	-	675	-	-	4,730	4,458	-	-	10,237
Total Expenditures:	200	-	1,249	61	1,830	4,917	5,061	-	821	16,991
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(187)	1	(1,141)	(61)	(1,822)	(4,892)	(5,917)	-	(821)	(16,667)
Other financing sources (uses):										
Proceeds from issuance of debt	-	-	-	-	-	-	-	-	821	821
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	918	918
Transfers out	-	-	-	-	-	-	-	-	(918)	(918)
Total Other financing sources (uses):	-	-	-	-	-	-	-	-	821	821
Net Change in Fund Balances:	(187)	1	(1,141)	(61)	(1,822)	(4,892)	(5,917)	-	-	(15,846)
Fund Balances - Beginning	765	122	4,239	-	4,048	7,747	35,643	147	-	58,151
Fund Balances - Ending:	\$ 578	\$ 123	\$ 3,098	\$ (61)	\$ 2,226	\$ 2,855	\$ 29,726	\$ 147	\$ -	\$ 42,305

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

City of Birmingham
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011
(in thousands)

4 of 4

	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Total</u>	
Revenues		
Taxes	\$ -	\$ 1,342
Intergovernmental	-	23,580
Charges for services	-	68
Fines and forfeitures	-	1,259
Investment income	-	392
Other operating revenues	-	1,298
Total Revenues:	<u>-</u>	<u>27,939</u>
Expenditures		
Current Expenditures:		
Public safety:		
Police	-	2,968
Fire	-	161
Planning, Engineering & Permits	-	1,509
Municipal Court	-	1,711
Nondepartmental	-	295
Street and sanitation:		
Public Works	-	697
Cultural & recreational:		
Park & Recreation	-	149
Nondepartmental	-	393
General government:		
Finance	-	510
Community Development	-	16,678
Mayor's Office	-	21
Nondepartmental	-	4,744
Debt Service:		
Principal	-	190
Interest and fees	-	1,126
Capital Outlay:		
Capital outlays	-	21,561
Total Expenditures:	<u>-</u>	<u>52,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>-</u>	<u>(24,772)</u>
Other financing sources (uses)::		
Proceeds from issuance of debt	-	64,361
(Premium)/Discount on debt issuance	-	4,170
Payment to escrow agent	-	(67,511)
Transfers in	-	1,128
Transfers out	-	(3,560)
Total Other financing sources (uses)::	<u>-</u>	<u>(1,412)</u>
Net Change in Fund Balances:	<u>-</u>	<u>(26,184)</u>
Fund Balances - Beginning	-	81,785
Fund Balances - Ending:	<u>\$ -</u>	<u>\$ 55,601</u>

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

Statistical Section

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

Financial Trends

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



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

Table A-1

	Fiscal Year Ended June 30							
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:								
Invested in capital assets, net of related debt	\$62,685	(\$18,295)	\$53,708	\$73,876	\$74,322	\$65,727	\$72,325	\$90,213
Restricted	114,982	361,917	205,388	271,686	277,817	264,602	157,454	146,478
Unrestricted	<u>168,581</u>	<u>(25,033)</u>	<u>24,187</u>	<u>(91,459)</u>	<u>(78,863)</u>	<u>(88,588)</u>	<u>(51,384)</u>	<u>(62,151)</u>
Total governmental activities net assets	346,248	318,589	283,283	254,103	\$273,276	\$241,741	\$178,395	\$174,540
Business-type activities:								
Invested in capital assets, net of related debt	784	764	942	922	901	1,022	855	919
Unrestricted	<u>540</u>	<u>290</u>	<u>(8)</u>	<u>74</u>	<u>(464)</u>	<u>(1,167)</u>	<u>(1,522)</u>	<u>61</u>
Total business-type activities net assets	1,324	1,054	934	996	437	(145)	(667)	980
Primary Government:								
Invested in capital assets, net of related debt	63,469	(17,531)	54,650	74,798	75,223	66,749	73,180	91,132
Restricted	114,982	361,917	205,388	271,686	277,817	264,602	157,454	146,478
Unrestricted	<u>169,121</u>	<u>(24,743)</u>	<u>24,179</u>	<u>(91,385)</u>	<u>(79,327)</u>	<u>(89,755)</u>	<u>(52,906)</u>	<u>(62,090)</u>
Total primary government net assets	<u>347,572</u>	<u>319,643</u>	<u>284,217</u>	<u>255,099</u>	<u>273,713</u>	<u>241,596</u>	<u>177,728</u>	<u>175,520</u>

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

Source: City Finance Department Data

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

Table A-2
(2 of 2)

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

Source: City Finance Department Data

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

Table A-3
Page 1 of 2

Fiscal Year Ended June 30

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

Source: City Finance Department Data

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

Fiscal Year Ended June 30

Table A-3
Page 2 of 2
2011

General Fund	
Nonspendable:	
Prepaid	280
Spendable:	
Restricted	-
Committed	-
Assigned	-
Unassigned	<u>98,935</u>
Total General Fund	<u><u>\$99,215</u></u>
 Other Governmental Funds:	
Restricted	117,183
Committed	\$1,338
Assigned	104,963
Unassigned	<u>(4,627)</u>
Total other governmental funds	<u><u>218,857</u></u>
 Total Fund Balance	 <u><u>\$318,072</u></u>

Change in fund balance Designation due to GASB Statemtent 54

Source: City Finance Department

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

Table A-4

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

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

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

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

Source: Finance Department Data

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

Table C-1

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

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

Source: City Finance Department data

Personal income computed from 2000 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 (%)
2002	2000	242,820	2,197,436,352	521,970,000	60,704,000	461,266,000	20.99%
2003	2000	242,820	2,271,867,532	563,060,000	59,400,000	503,660,000	22.17%
2004	2000	242,820	2,422,011,707	570,350,000	58,850,000	511,500,000	21.12%
2005	2000	242,820	2,515,810,000	543,705,000	51,208,000	492,497,000	19.58%
2006	2000	242,820	2,567,735,000	519,190,000	45,161,000	474,029,000	18.46%
2007	2000	242,820	2,631,971,182	602,845,000	44,153,000	558,692,000	20.07%
2008	2000	242,820	2,810,565,632	566,565,000	43,205,000	523,360,000	19.88%
2009	2000	242,820	2,937,624,552	537,850,000	40,175,000	497,675,000	17.70%
2010	2000	242,820	2,880,265,253	436,685,000	36,317,088	400,367,912	13.63%
2011	2010	212,237	2,826,110,356	469,445,000	32,191,620	437,253,380	15.47%

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

**Does not include revenue warrants and capitalized leases.

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

Table C-3

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

^[1] The classifications of property for ad valorem taxation, as set forth above, are established by Amendment No. 373 to the Constitution of Alabama of 1901, as amended. See "Classification of The assessed values are provided by:

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

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

- ^[2] Class I Property consists of all property of utilities used in the business of such utilities and is assessed at the rates of thirty percent (30%) of the fair and reasonable market value thereof
- ^[3] Class II Property consists of all real and personal property not otherwise classified in another class (generally commercial property) and is assessed at the ratio of twenty.
- ^[4] Class III Property consists of all agricultural, forest, single-family owner-occupied residential property, and historic buildings and sites, and is assessed, upon application by the owner, at the ratio
- ^[5] Class IV Property consists of motor vehicles owned and operated by individuals for personal or private use, and not for hire, rent or compensation, and is assessed at the ratio of fifteen percent.

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

Table C-4

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

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

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

¹ Source: Jefferson County Director of Finance

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

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

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

*Does not include capitalized leases and revenue warrants

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

Table C-5

(Per \$100 of Assessed Value)

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

Source: Jefferson County Tax Assessor

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

Source: Shelby County Tax Assessor

City of Birmingham, Alabama
Estimated Legal Debt Margin
As of June 30, 2011

Table C-6

Net Assessed value of real and personal property	\$2,826,110,356
Debt limit, 20% of assessed property value (see note below)	565,222,071
Outstanding general obligation bonds, warrants and Leases ²	500,794,924
Less exemption for schools and sewer bonds ³	(94,505,020)
Less debt service fund balances ⁴	(32,192,000)
Net outstanding general obligation bonds and warrants	374,097,904
Legal debt margin	\$ 191,124,167

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

²Includes the aggregate principal amount of general obligation bonds, general obligation warrants, Economic Development Incentive Obligations (\$7,713,469), Other Debt Obligations (\$109,676), the Birmingham Zoo Obligations (\$19,500,000) and the Funding Agreement for the Honda Project (\$780,000), all as of June 30, 2011. Does not include any other obligation of the City and does not reflect principal payments made on any obligations after June 30, 2011. Does not include the obligations of the City incurred pursuant to Amendment No. 772 to the Constitution of Alabama, as amended.

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

⁴Book Value as of June 30, 2011

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 (General Constitutional Debt Limitation).

Special Constitutional Debt Limitation for Economic Development Obligations

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

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

The issuance of bonds, warrants, notes and other evidences of indebtedness pursuant to Amendment No. 772 is not subject to the City's twenty percent constitutional debt limit. Pursuant to and in accordance with Amendment No. 772, in recent years the City has delivered agreements with various entities, for economic development purposes as provided in Amendment No. 772, whereby the City agrees to rebate, over a stated period of years, to the other parties to such agreements, certain percentages of the proceeds of various City taxes received by the City from the construction and operation by such other parties of the facilities described in such agreements. The obligations of the City under such agreements (the "Amendment No. 772 Obligations") (i) are not general obligations of the City and (ii) are limited obligations of the City payable solely from the tax proceeds specified in such agreements, and produced solely from the facilities and projects described in such agreements, when and if such tax proceeds are actually received by the City, except a Funding Agreement with the Commercial Development Authority of the City of Birmingham, which is a general obligation. The economic debt of other entity, public or private, for the purpose of promoting the economic and industrial development of such political subdivision received by the City from each of the facilities for which such a tax rebate agreement is in effect will exceed the amount of City tax proceeds to be rebated pursuant to such agreement. The City has outstanding obligations incurred under Amendment No. 772 in the aggregate amount of approximately \$176,490,174. These obligations are limited obligations of the City payable generally as rebates of taxes received by the City from the private entity, except a Funding Agreement with the Commercial Development Authority of the City of Birmingham, in the amount of \$71,790,000, which is a general obligation and is included in this number. The City treats the obligations thereof under Amendment No. 772 (i) as exempt from the general constitutional debt limit of the City described under "General Constitutional Debt Limitation" above and (ii) as subject to the special constitutional debt limit under Amendment No. 772.

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

Table C-7

City of Birmingham			
Beginning October 1	Total Taxes Levied	Total Taxes	
		Collected	Percentage
2001	50,637,230	50,271,466	99.28%
2002	52,780,331	52,101,007	98.71%
2003	59,048,850	58,356,048	98.83%
2004	61,440,447	61,078,411	99.41%
2005	62,890,413	62,386,134	99.20%
2006	66,224,605	64,416,414	97.27%
2007	71,268,264	69,999,820	98.22%
2008	74,939,011	71,593,360	95.54%
2009	74,462,772	71,390,609	95.87%
2010	72,971,185	68,536,652	93.92%

*Jefferson County only

Sources: Jefferson County Tax Assessor and Tax Collector

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

Table C-8

Assessed Entity	Fiscal Year Ended June 30, 2011			Fiscal Year Ended June 30, 2002		
	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	\$121,575,280	1	3.78%	\$85,098,180	1	5.80%
AT & T Property Tax Group	57,443,500	2	1.80%	18,468,220	4	1.30%
American Cast Iron & Pipe Company	42,575,784	3	1.39%	20,113,280	3	1.40%
GSA Birmingham Realty	29,020,540	4	0.90%			
SL Regions LLC	20,345,980	5	0.63%			
Compass Bank	16,347,340	6	0.51%	14,936,700	6	1.00%
Alabama Gas Corp	16,107,320	7	0.50%	13,816,640	9	0.90%
Regions Bank	15,306,140	8	0.48%			
Bayer Development Co LLC	15,012,200	9	0.47%			
Chase Bank of Texas NA	13,336,000	10	0.41%	14,722,900	8	1.00%
Bellsouth Telecommunications				59,960,080	2	4.10%
Murray-Ash Communications				15,684,300	5	1.10%
Tish Robert Preston				14,933,500	7	1.00%
Equitable The North Sixty				10,941,700	10	0.70%
	<u>\$347,070,084</u>		<u>10.87%</u>	<u>\$268,675,500</u>		<u>18.30%</u>

Source: Jefferson and Shelby Counties Tax Collectors

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

Table D-1

Year	Population	Median Household Income	Per Capita Personal Income	Unemployment Rate
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%
2011	212,237	30,212	18,507	11.2%

Population figures based on 2010 census

Unemployment rates source: Alabama Department of Industrial Relations

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

**City of Birmingham
Principal Employers
Current Fiscal Year and Nine Years Prior**

Table D-2

<u>Employer</u>	<u>2011</u>			<u>2002</u>	
	# of Employees	Rank		# of Employees	Rank
University of Alabama in Birmingham	18,619	1	University of Alabama at Birmingham	16,271	1
Regions Bank	6,000	2	United States Government	9,690	2
A T & T	5,750	3	Bellsouth	7,500	3
Jefferson County Board of Education	4,800	4	State of Alabama	6,784	4
ST. Vincent's Health System	4,662	5	Baptist Health System	6,000	5
City of Birmingham	4,565	6	Brunos's, Inc	5,374	6
Baptist Health System Inc.	4,410	7	Jefferson County Board of Education	5,000	7
Honda Manufacturing of Alabama	4,000	8	Birmingham Public Schools	4,555	8
Alabama Power	3,811	9	City of Birmingham	4,500	9
Children's Health System	3,744	10	Wal-Mart	4,320	10

Source: Birmingham Regional Chamber of Commerce

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

Table E-1

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

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

Source: Various City departments