

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**CITY OF BIRMINGHAM, ALABAMA**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2005**

**OFFICE OF THE DIRECTOR OF FINANCE**  
**Michael Johnson, CPA**  
**Acting Director**

**City of Birmingham, Alabama  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2005**

TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION</b>	
Officials of the City of Birmingham, Alabama	3
Letter of Transmittal	5
Certificate of Achievement for Excellence in Financial Reporting	11
Organization of the City of Birmingham	12
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report	15
Management's Discussion and Analysis	17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	28
Statement of Activities	30
Fund Financial Statements:	
Balance Sheet - Governmental Funds	31
Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual, General Fund	34
Statement of Net Assets-Proprietary Funds	35
Statement of Revenues, Expenses, and Changes in Net Assets- Proprietary Funds	36
Statement of Cash Flows-Proprietary Funds	37
Statement of Fiduciary Net Assets	38
Statement of Changes in Fiduciary Net Assets	39
Statement of Net Assets-Component Units	40
Statement of Activities-Component Units	41
Notes to the Financial Statements	42
Other Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances- Budget and Actual, General Fund	76
Combining Balance Sheet - Nonmajor Governmental Funds	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	90

**City of Birmingham, Alabama**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2005**

TABLE OF CONTENTS

STATISTICAL SECTION	Page
Government-wide Information:	
Government-wide Revenues by Sources	<i>Table 1</i> 95
Government-wide Expenditures by Function	<i>Table 2</i> 95
Fund Information:	
General Government Revenues by Sources	<i>Table 3</i> 96
General Government Expenditures by Function	<i>Table 4</i> 96
Property Tax Levies and Collections	<i>Table 5</i> 97
Assessed and Estimated Actual Value of Property	<i>Table 6</i> 98
Direct and Overlapping Debt	<i>Table 7</i> 99
Property Taxes - Direct and Overlapping Governments	<i>Table 7 A</i> 100
Property Tax Rates - Direct and Overlapping Governments	<i>Table 7 B</i> 101
Ratio of Net General Obligation Debt to Assessed Value and Net Bonded Debt per Capita	<i>Table 8</i> 102
Computation of Legal Debt Margin	<i>Table 9</i> 103
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Government Expenditures	<i>Table 10</i> 104
Demographic Statistics	<i>Table 11</i> 105
Property Values, Construction, and Bank Deposits	<i>Table 12</i> 105
Principal Taxpayers	<i>Table 13</i> 106
Special Assessment Fund Collections	<i>Table 14</i> 106
Miscellaneous Statistical Data	<i>Table 15</i> 107
Salaries and Surety Bonds of Principal Officials	<i>Table 16</i> 108
 SINGLE AUDIT	
Schedule of Federal Award Expenditures	111
Notes to Schedule of Federal Award Expenditures	113
Auditor's Report on Internal Control over Financial Reporting and Other Matters	114
Auditor's Report on Compliance-Program Requirements	116
Schedule of Findings and Questioned Costs	118

# **INTRODUCTORY SECTION**

**OFFICIALS OF THE CITY OF BIRMINGHAM  
JUNE 30, 2005**

**MAYOR**

Bernard Kincaid, J.D., Ph.D

**CITY COUNCIL**

Lee Loder, President

*District 8*

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

**DEPARTMENT HEADS**

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



BERNARD KINCAID  
MAYOR

# CITY OF BIRMINGHAM

## DEPARTMENT OF FINANCE

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

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

MICHAEL JOHNSON  
ACTING DIRECTOR

December 28, 2005

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

The Comprehensive Annual Financial Report for the City of Birmingham's fiscal year ended June 30, 2005, is hereby submitted. This report is the official comprehensive publication of the City's financial position at June 30, 2005. The City is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. To the best of our knowledge and belief, the enclosed report is accurate in all material respects and all statements; and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included.

### THE REPORT

The report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a list of the City's principal officials, an organizational chart, and the Governmental Finance Officer's Certificate of Achievement.

The financial section is prepared in accordance with generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board. This section of the CAFR contains the Management's Discussion & Analysis (MD&A), which is located immediately after the independent auditors' report, the basic financial statements, and combining and individual fund statements and schedules, as well as the independent auditors' report and any required supplementary information.

The MD&A provides an overview and analysis of the City's financial performance. This letter of transmittal is designed to supplement the MD&A and should be read in conjunction with it. The basic financial statements include the City's government-wide financial statements that present an overview of the City's entire operations; the fund

level statements present the financial information of each of the City's major funds, as well as the nonmajor funds. The statistical section contains selected financial and demographic statistics, generally on a multi-year basis.

## CITY PROFILE

The City of Birmingham was incorporated in 1871 and is centrally located in the State of Alabama at the foothills of the Appalachian Mountains. The City is approximately 151 square miles in area with an estimated population of 242,820.

The City operates under a mayor-council form of government. There are nine council members representing the separate districts of the City. The Mayor and Council are elected at large and serve four-year terms.

The City of Birmingham provides a wide range of services to its citizens including the following:

- Police and fire protection
- Sanitation services
- Construction and maintenance of highways, streets, and infrastructure
- Recreational activities
- Cultural events
- Libraries and museums

## REPORTING ENTITY

This report includes all funds of the City of Birmingham. Also included are the funds of two separate legal entities, the Birmingham Airport Authority and the Birmingham Parking Authority. They are included because the City is financially accountable for their activities.

## ECONOMIC CONDITIONS AND OUTLOOK

The City of Birmingham saw an increase in operating revenues for the fiscal year ended June 30, 2005, due to a healthy increase in collection of tax revenues. The first quarter of fiscal year 2006 is showing slight increases as well in business tax revenues.

The medical industry continues to grow. Three of the major hospitals either completed or are in the process of expansions.

- Medical Center East - \$80 million campus expansion including renovation of the Emergency Room; expansion of the North Tower; increase in square footage of 300,000 and a new 200,000 square foot office building

- St. Vincent's Hospital - \$120 million master plan development; \$40 million, 120,000 square foot North Tower completed and open; \$53 million, 200,000 square foot South Tower development will house a new emergency department and three patient care floors.
- UAB – Completion of the Shelby Interdisciplinary Biomedical Research Building – this \$90 million biomedical research center will help UAB attract hundreds of millions of dollars in research grants as well as create an estimated 1,400 new jobs in the City of Birmingham; completion of the new nine-story UAB North Pavilion Hospital, the largest expansion project in UAB's history – this \$275 million addition includes 37 surgical suites, an emergency room as large as a football field, and intensive care units with private beds; Women's and Infant's Facility – UAB has received approval from the State to build a new seven-story, 360,000 square foot unit which will contain the most advanced and efficient neonatology, obstetrical, and gynecological services for both infants and women patients. It is estimated this new facility will take up an entire city block.

The Summit retail development continues to grow with the addition of Phase IV. The new addition will increase the development by 67,800 square feet making the total development at about 900,000 square feet. Even more expansion is planned with the addition of a full-service hotel and banquet facility.

One of the most exciting improvements occurring in Birmingham recently is the reemergence of downtown. Centrally located will be a new 14-acre open space park called the Railroad Reservation Park. The park will be located south of the railroad tracks between 14<sup>th</sup> and 18<sup>th</sup> Streets South and will extend from Interstate 65 to Sloss Furnace. Planning and implementation are well under way. When complete, the investment of public and private funds in the park will total over \$40 million.

The Social Security Administration will be building a new office space downtown which is scheduled for completion in November 2007. The construction is estimated at \$160 million and will encompass more than 587,000 square feet. The new building will be one of only four payment centers in the country and is also expected to be home to the SSA regional and district offices.

The first part of the Downtown Birmingham Business Park was completed this past spring. The new complex is home to the Federal Bureau of Investigations headquarters; currently under construction is the next facility that will consolidate the offices of the Alcohol Tobacco and Firearms and the Drug Enforcement Agency.

Finally, downtown is being revitalized with residential developments. The first phase of Park Place has been completed with 197 units; construction is under way on the second phase of 198 units. Park Place is a mixture of flats and townhouse-style apartments, live-over-work lofts and townhomes and incorporates retail, institutional, and commercial land use.

Additionally, many of the early twentieth century commercial buildings downtown have been refurbished for residential use. The architectural designs of most of these buildings are quite unique and are worthy of refurbishments. The following is a brief description of each development:

- The Phoenix Building will be home to 74 loft units and will be downtown's largest residential redevelopment project to date.
- The Stonewall Building located near the Park Place Development will house 48 lofts as well as have a retail component on the bottom floor.
- The Athens Building will contain 41 new lofts and will have private balconies in each unit.
- The Gallery Lofts will be a conversion of a row of commercial buildings.
- The Johnston Building will be home to 22 units of residential development.
- The Blachs Building, one of the oldest buildings in Birmingham, will add 15 new units to the loft district as well as professional office space when its refurbishment is completed.
- Pullman Flats is a public-private redevelopment project that will see many historical buildings renovated into commercial and residential use.
- Seaboard Yard will be another mixed use project and will blend with the early twentieth century industrial landscape.

#### FUTURE INITIATIVES

The Mayor's proposed budget for fiscal year 2006 indicates the desire to focus on economic development and the youth of the City of Birmingham and City employees. The City will continue to focus efforts on attracting new jobs, industries, and capital investment in order to expand the business and industrial base.

The Division of Youth Services has been completely restructured and reoriented over the last five years in order for it to become the primary provider and clearinghouse for youth programs and services in Birmingham. The Division will continue with increased funding to help the youth of the City take advantage of the many opportunities afforded them in order to become more productive citizens of the community.

The Capital Improvements Program continues at a fast pace. At fiscal year end, approximately 149 projects were in progress with 38 projects having been completed. When complete, the program will total \$70,500,000.

The City of Birmingham has over 4,500 employees who provide the services to its citizens. The Mayor recognizes the need to maintain a high quality work force. The Mayor's Budget for fiscal year 2006 includes a 2% cost-of-living increase. Also, the City absorbed a 5% increase in healthcare costs which amounted to \$1.4 million rather than passing that increase to active and retired employees.

## OTHER FINANCIAL INFORMATION

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

Section 3.18 of the Mayor-Council Act requires an independent audit of the financial records by a certified public accounting firm. The City's financial statements for June 30, 2005, have been audited by Banks, Finley, White & Company, Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Birmingham's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Included in this report is a narrative, Management's Discussion and Analysis (MD&A), that provides an overview and analysis of the City's financial performance. This letter of transmittal is designed to supplement the MD&A and

should be read in conjunction with it. The City's MD&A is located immediately following the auditor's report.

#### ACHIEVEMENTS

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Birmingham for its comprehensive financial audit report (CAFR) for the fiscal year ended June 30, 2004.

The Certificate of Achievement is a prestigious national award presented to state and local governments for publishing an easily readable and efficiently organized CAFR whose contents conform to program standards, complies with generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a period of one year.

The City of Birmingham has received the Certificate for the last 29 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

Additionally, the City's budget report for fiscal year beginning July 1, 2004, 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.

#### ACKNOWLEDGMENT

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

Respectfully submitted,



Michael Johnson, CPA  
Acting Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Birmingham,  
Alabama

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

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



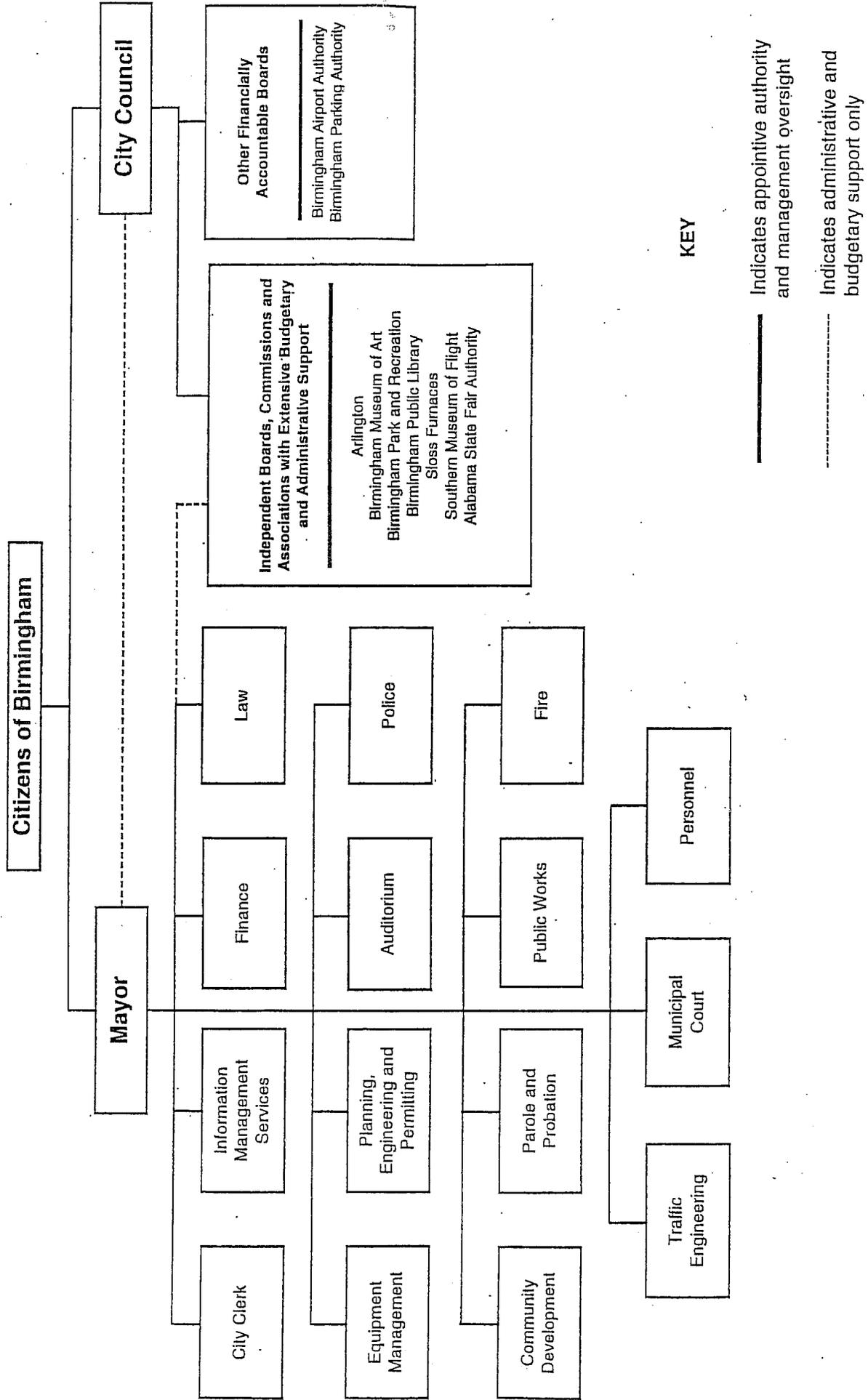
*Nancy L. Zelle*

President

*Jeffrey R. Emer*

Executive Director

# City of Birmingham, Alabama Organization Chart



# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Alabama ("the City"), as of and for the year ended June 30, 2005, 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 represent 1.1 percent, 2.3 percent and 1.6 percent, respectively, of the assets, net assets, and revenues of the City. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Birmingham Parking Authority, is based on the report of the other auditors.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2005, 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.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2005, 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,



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

Page 2

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contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 17 through 24 and 76 through 84, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions of the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

November 30, 2005

*Bank, Finley White & Co.*

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Birmingham, Alabama (City), we invite our readers to review this overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2005 (fiscal year 2005). Its purpose is to provide an introduction and overview readers should use to interpret and analyze the City's basic financial statements and financial activities based upon currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the City's financial statements, which follow this section.

## Financial Highlights

- The City's net assets were \$318,589,000 for governmental activities and \$1,054,000 for business-type activities at June 30, 2005. This reflects a decrease in governmental activities' net assets of \$27,659,000 or 7.9% from fiscal year 2004.
- During fiscal year 2005, the City received \$359,376,000 in taxes and other revenues, which represents an increase of \$16,973,000 from fiscal year 2004. Increases in Use and Occupation taxes, Business licenses and Bank Excise Tax accounted for most of the increase.
- Total expenditures for the year were \$387,035,000, which represent an increase of \$13,004,000 (3%) from fiscal year 2004. The increase in expenditures was a result of higher fuel and utility costs as well as an increase in personnel costs due mainly to a 2% cost-of-living salary increase for City employees.
- General fund operating revenues exceeded operating expenditures by \$14,667,000 for the fiscal year. Increases in Use and Occupation taxes, Business licenses and Bank Excise Tax accounted for most of the increase.
- The City has one business-type activity, the Emergency Management Communications District (E911). Revenues are generated through charges assessed for E911 services. Total revenues received were \$2,988,000 and expenditures were \$3,258,000, resulting in a net loss of \$270,000 for fiscal year 2005. Most of the loss was caused by a decrease in service fee revenue.

## Overview of the Financial Statements

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

### Government-wide Financial Statements

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

### Fund Financial Statements

Fund financial statements report the City's operations in more detail than what is presented in the government-wide financial statements. Fund financial statements

include the statements for governmental, proprietary, and fiduciary funds.

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

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

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

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found on pages 88-91 of this report.

The City adopts an annually appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 28-30 of this report.

**Proprietary funds.** Proprietary funds provide the same type of information as the

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

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

The basic proprietary fund financial statements can be found on pages 35-37 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties external to the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

#### Notes to the Financial Statements

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

#### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 64-73 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information regarding pensions. Combining and individual fund statements and schedules can be found on pages 88-91 of this report.

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

## Table of Financial Statements

### Fund Financial Statements

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

**Government-wide Condensed Financial Information**

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

The City's restricted net assets of approximately \$362 million are subject to bond and warrant covenants and by federal and state grant requirements. The City's total net assets decreased by approximately \$28 million in fiscal year 2005 due mainly to the City appropriating \$22,124,000 of general fund balance and declines in other miscellaneous revenues which often vary from year to year.

There was a reduction in assets in the City's sole business-type fund, Emergency Management Communication District, an enterprise fund, in the amount of \$270,000. This was due mainly to a decrease in service fees and interest earnings.

**Condensed Statement of Net Assets**

The following table presents a condensed statement of the City's net assets at June 30, 2005 and 2004:

**Table 2**

**CONDENSED STATEMENT OF NET ASSETS**  
**June 30, 2005 and 2004**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Totals	
	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/05</u>	<u>06/30/04</u>
Current and other assets	\$601,837	653,944	335	544	602,172	654,488
Capital assets, net	<u>340,976</u>	<u>338,438</u>	<u>764</u>	<u>784</u>	<u>341,740</u>	<u>339,222</u>
Total assets	<u>942,813</u>	<u>992,382</u>	<u>1,099</u>	<u>1,328</u>	<u>943,912</u>	<u>993,710</u>
Current and other Liabilities	68,993	64,891	45	4	69,038	64,895
Long-term debt	<u>555,231</u>	<u>581,243</u>	<u>0</u>	<u>0</u>	<u>555,231</u>	<u>581,243</u>
Total liabilities	<u>624,224</u>	<u>646,134</u>	<u>45</u>	<u>4</u>	<u>624,269</u>	<u>646,138</u>
Net assets:						
Invested in capital assets, net of related debt	(18,295)	62,685	764	784	(17,531)	63,469
Restricted	361,917	114,982			361,917	114,982
Unrestricted	<u>(25,033)</u>	<u>168,581</u>	<u>290</u>	<u>540</u>	<u>(24,743)</u>	<u>169,121</u>
Net assets	<u>\$318,589</u>	<u>346,248</u>	<u>1,054</u>	<u>1,324</u>	<u>319,643</u>	<u>347,572</u>

**TABLE 3**

**CONDENSED STATEMENT OF CHANGES IN NET ASSETS**  
**For Years Ended June 30, 2005 and 2004**  
**(in thousands)**

**Changes in Net Assets**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>6/30/2005</u>	<u>06/30/04</u>	<u>06/30/05</u>	<u>06/30/04</u>	<u>06/30/05</u>	<u>06/30/04</u>
REVENUES:						
Program revenues:						
Charges for services	\$76,482	74,145	2,954	3,058	79,436	77,203
Operating grants	13,797	18,051		0	13,797	18,051
General revenues:						
Sales and use tax	107,271	100,608		0	107,271	100,608
Occupational tax	69,346	65,537		0	69,346	65,537
Property tax	50,618	48,596		0	50,618	48,596
Unrestricted grants and contributions	21,618	18,434		0	21,618	18,434
Investment earnings	12,562	9,304	34	22	12,596	9,326
Other	<u>7,682</u>	<u>7,728</u>		<u>0</u>	<u>7,682</u>	<u>7,728</u>
Total revenues	<u>359,376</u>	<u>342,403</u>	<u>2,988</u>	<u>3,080</u>	<u>362,364</u>	<u>345,483</u>
EXPENSES:						
Program expenses:						
General government	94,662	84,411		0	94,662	84,411
Public safety	160,097	139,263	3,258	3,471	163,355	142,734
Streets and sanitation	80,229	97,819		0	80,229	97,819
Culture and recreation	39,047	39,359		0	39,047	39,359
Interest on long-term debt	<u>13,000</u>	<u>13,179</u>		<u>0</u>	<u>13,000</u>	<u>13,179</u>
Total expenses	<u>387,035</u>	<u>374,031</u>	<u>3,258</u>	<u>3,471</u>	<u>390,293</u>	<u>377,502</u>
Decrease in net assets	<u>\$(27,659)</u>	<u>(31,628)</u>	<u>(270)</u>	<u>(391)</u>	<u>(27,929)</u>	<u>(32,019)</u>

As shown in this table, the City's revenues from its governmental activities increased by 5% from the prior fiscal year. The increase was the result of increases in Use and Occupation taxes, Business licenses and Bank Excise Tax.

Expenses increased by 3% from the previous fiscal year as a result of higher fuel and utility costs as well as an increase in

personnel costs due mainly to a 2% cost-of-living salary increase for City employees.

The business-type activity of the City had a \$270,000 decline in net assets. Revenue received from charges for services decreased by \$104,000.

FUND ANALYSIS

Changes in fund balance for the major governmental funds for the fiscal year ended June 30, 2005 are as follows:

**Table 4**

	Beginning Fund <u>Balance</u>	Increases (Decrease)	Ending Fund <u>Balance</u>
General Fund	\$83,733	\$ (9,555)	\$74,178
Birmingham Fund	79,260	1,450	80,710
Birmingham Water Work Proceeds	151,490	(35,419)	116,071
General Bond Debt Reserve	59,129	(8,044)	51,085
General Bond Debt Service	(274)	397	123
<b>Total</b>	<b>\$373,338</b>	<b>(\$51,171)</b>	<b>\$322,167</b>

Governmental Funds

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

The Fund balance of the General Fund declined due to an appropriation of \$22,124,000 for various Capital needs.

Other factors contributing to the reduction in fund balance include:

- A decrease in Debt Service Fund balance as a result of increased debt service payments. The increase in payments is due to the issuance of an additional \$70,500,000 in Bonds in Fiscal Year 2002, which are serviced by the Debt Service Reserve Fund.
- An increase in Special Revenue Fund balance as a result of the City receiving additional grant funds.

The Capital Projects fund balance decreased by \$6,735,000. The Combining Statements of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Governmental Funds details the change.

### Budget Variances in the General Fund

During the fiscal year, revisions were made to the original budget adopted by the City due to changes in the projected revenues. Revenues exceeded the budgeted amounts in several categories. In additional revisions were made in the projected expenditures including additional appropriations.

### **CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY**

#### Capital Asset Activity

At June 30, 2005 the City of Birmingham reported \$340,976,000 in net capital assets, including its infrastructure, for governmental activities. The business-type activity reported \$764,000 in net capital assets. The notes to the financial statements on pages 54 & 55 report more information on capital assets including the changes that occurred during the fiscal year.

#### Long-term Debt Activity

At June 30, 2005, the City of Birmingham had \$543,705,000 total debt outstanding for its bonds and warrants payable; of this, \$519,190,000 is considered long-term. The notes to the financial statements on pages 57-60 include additional details for the City's long-term debt activity.

On November 14, 2005, the City issued its general obligation refunding bonds in the amount of \$28,230,000. The proceeds were used to refund a portion of the outstanding 1997-B refunding issue and a portion of the outstanding 1999-B refunding issue.

The City's bond ratings are AA, Aa3 and AA- by Standard & Poor's Rating Service, Moody Investors Service, and Fitch IBCA, respectively. The rating agencies cite the City's broad and diverse economy, including strong service, financial, and trade sectors as factors contributing to the strong rating. Noted also is the City's current policy of maintaining reserve balances equal to 15% of expenditures; currently, reserves equal approximately 26% of expenditures.

The notes to the financial statements contain more detailed information regarding the City's long-term debt and the changes that occurred. Please refer to them for additional information including the City's obligations for capitalized equipment leases, workmen's compensation claims, closure

and post closure costs, and compensated absences. The City does not have any debt for its business-type activities.

### **ECONOMIC FACTORS AFFECTING THE CITY OF BIRMINGHAM AND THE 2006 BUDGET INFORMATION**

The state of the national and the local economy were key factors considered in the preparation of the City's fiscal year 2006 Operating Budget. The City noted a significant up turn in the local economy in Fiscal Year 2005 which was evidenced by significant increases in Use and Occupation taxes, Business licenses and Bank Excise Tax. As a result of the up turn, the City's budget for Fiscal Year 2006 was increased to \$303,400,000. This is an increase of \$10,574,000 over the original budget for Fiscal Year 2005.

#### **Mitigating Risks of Fraud**

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

#### **Request for Information**

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

**City of Birmingham, Alabama**  
**Statement of Net Assets**  
**June 30, 2005**  
**(in thousands)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$450,298	\$2,964	\$453,262	\$9,430
Cash with escrow agent	5,784		5,784	
Receivables:				
Accrued interest	2,082	13	2,095	
Accrued taxes receivable	19,175		19,175	
Accounts (net of uncollectibles)	4,677		4,677	682
Notes (net of uncollectibles)	355		355	
Lease obligations	409		409	
Loans	8,166		8,166	
Due from BWWB	3,209		3,209	
Special assessments	8,091		8,091	
Other governments				5,963
Interfund balances	2,690	(2,690)	0	
Inventories	1,550		1,550	
Prepaid items	286	48	334	492
Due from component unit	424		424	
Other current assets	151		151	
Restricted assets:				
Cash and cash equivalents				12,084
Investments				4,460
Accounts and grants receivable				3,856
Accrued interest receivable				22
Noncurrent assets:				
Deferred charges	11,560		11,560	1,794
Due from BWWB	82,930		82,930	
Capital assets:				
Land	46,160		46,160	105,678
Buildings and capital facilities	192,517	1,025	193,542	226,566
Furniture and other equipment	140,958	2,039	142,997	7,609
Accumulated depreciation	(141,448)	(2,300)	(143,748)	(101,172)
Infrastructure	178,935		178,935	
Accumulated depreciation, infrastructure	(89,261)		(89,261)	
Construction in progress	13,115		13,115	51,682
Net capital assets	340,976	764	341,740	290,363
<b>TOTAL ASSETS</b>	<b>\$942,813</b>	<b>\$1,099</b>	<b>\$943,912</b>	<b>\$329,146</b>

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

**City of Birmingham, Alabama**  
**Statement of Net Assets**  
**June 30, 2005**  
**(in thousands)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities:				
Accounts and vouchers payable	\$4,740	45	\$4,785	\$4,301
Contracts payable	9,756		9,756	
Contracts payable-retainage	693		693	
Accrued payroll and payroll taxes payable	10,726		10,726	209
Due to primary government				424
Estimated claims payable	3,144		3,144	
Interest rebate liability	156		156	
Other liabilities	10,097		10,097	
Interest payable	3,641		3,641	1,741
Current maturities of long-term liabilities:				
Capitalized leases	55		55	90
Notes payable	380		380	2,079
Compensated absences	1,090		1,090	41
Bonds and warrants payable	24,515		24,515	3,100
Long-term liabilities:				
Capitalized leases	362		362	180
Compensated absences	11,505		11,505	557
Bonds and warrants payable, net	529,159		529,159	81,941
Closure and postclosure costs	7,005		7,005	
Workmen's compensation claims payable	7,200		7,200	
<b>TOTAL LIABILITIES</b>	<b>624,224</b>	<b>45</b>	<b>624,269</b>	<b>94,663</b>
 <b>NET ASSETS</b>				
Invested in capital assets, net of related debt	(18,295)	764	(17,531)	203,818
Restricted for:				
Restricted for debt service	53,097		53,097	9,227
Restricted for special revenue	213,400		213,400	
Restricted for future projects	95,420		95,420	6,298
Unrestricted	(25,033)	290	(24,743)	15,140
<b>TOTAL NET ASSETS</b>	<b>318,589</b>	<b>1,054</b>	<b>319,643</b>	<b>234,483</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$942,813</b>	<b>\$1,099</b>	<b>\$943,912</b>	<b>\$329,146</b>

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

**City of Birmingham, Alabama**  
**Statement of Activities**  
**For the Year Ended June 30, 2005**  
(in thousands)

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Functions:</b>								
<b>Primary Government:</b>								
Governmental activities:								
General government	\$ 94,662	\$ 55,622	\$ 13,797		(\$25,243)		(\$25,243)	
Public safety	160,097	18,328			(141,769)		(141,769)	
Streets and sanitation	80,229	1,533			(78,696)		(78,696)	
Culture and recreation	39,047	999			(38,048)		(38,048)	
Interest on long-term debt	13,000				(13,000)		(13,000)	
<b>Total governmental activities</b>	<b>387,035</b>	<b>76,482</b>	<b>13,797</b>	<b>0</b>	<b>(296,756)</b>		<b>(296,756)</b>	
Business-type activities:								
Emergency Management Communication District	3,258	2,954				(304)	(304)	
<b>Total business-type activities</b>	<b>3,258</b>	<b>2,954</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(304)</b>	<b>(304)</b>	
<b>Total primary government</b>	<b>\$390,293</b>	<b>\$79,436</b>	<b>\$13,797</b>	<b>\$0</b>	<b>(\$296,756)</b>	<b>(\$304)</b>	<b>(\$297,060)</b>	
<b>Component Units:</b>								
Birmingham Airport Authority	30,467	26,113	16,611					12,257
Birmingham Parking Authority	5,619	5,658						39
<b>Total component units</b>	<b>\$36,086</b>	<b>\$31,771</b>	<b>\$16,611</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$12,296</b>
<b>General revenues:</b>								
Sales and use tax					107,271		107,271	
Occupational tax					69,346		69,346	
Property tax					50,618		50,618	
Grants and contributions not restricted to specific purposes					21,618		21,618	
Unrestricted investment earnings					12,562	34	12,596	462
Other					7,682		7,682	4,079
<b>Total general revenues</b>					<b>269,097</b>	<b>34</b>	<b>269,131</b>	<b>4,541</b>
Intergovernmental transfers								
<b>Change in net assets</b>					<b>(27,659)</b>	<b>(270)</b>	<b>(27,929)</b>	<b>16,837</b>
<b>Net assets at beginning of year</b>					<b>346,248</b>	<b>1,324</b>	<b>347,572</b>	<b>217,646</b>
<b>Net assets at end of year</b>					<b>\$318,589</b>	<b>\$1,054</b>	<b>\$319,643</b>	<b>\$234,483</b>

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

**City of Birmingham, Alabama**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**  
(in thousands)

	General	Birmingham Fund	Birmingham Water Work Proceeds	General Bond Debt Reserve	General Bond Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$105,824	\$80,708	\$122,818	\$50,457	\$203	\$90,288	\$450,298
Cash with fiscal agent						5,784	5,784
Receivables:							
Accrued interest	418	476		628		560	2,082
Accrued taxes receivable	19,175						19,175
Accounts (net of uncollectibles)	4,667					10	4,677
Notes (net of uncollectibles)	355						355
Lease obligations	270					139	409
Loans						8,166	8,166
Due from other governments				86,139			86,139
Special assessments						8,091	8,091
Due from other funds	2,690					33,161	35,851
Due from component units	424						424
Inventories	1,550						1,550
Prepaid items	286						286
Other	98					53	151
<b>TOTAL ASSETS</b>	<b>\$135,757</b>	<b>\$81,184</b>	<b>\$122,818</b>	<b>\$137,224</b>	<b>\$203</b>	<b>\$146,252</b>	<b>\$623,438</b>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts and vouchers payable	3,765				80	895	4,740
Contracts payable		418	6,089			3,249	9,756
Contracts payable-retainage		56				637	693
Accrued payroll and payroll taxes payable	10,652					74	10,726
Due to other funds	33,112		658			91	33,861
Deferred revenue	864			86,139		23,510	110,513
Estimated claims payable	3,144						3,144
Other liabilities	10,042					55	10,097
<b>TOTAL LIABILITIES</b>	<b>61,579</b>	<b>474</b>	<b>6,747</b>	<b>86,139</b>	<b>80</b>	<b>28,511</b>	<b>183,530</b>
<b>FUND BALANCES:</b>							
Reserved for encumbrances	8,683	2,156	1,657			33,395	45,891
Reserved for debt service				51,085	123	1,889	53,097
Reserved for prepaid items	286						286
Reserved for capital projects Designated	5,000	78,554	114,414			85,851	278,819
Unreserved reported in:							
General fund	60,209						60,209
Special revenue funds						(2,663)	(2,663)
Capital projects funds						(731)	(731)
<b>TOTAL FUND BALANCES</b>	<b>74,178</b>	<b>80,710</b>	<b>116,071</b>	<b>51,085</b>	<b>123</b>	<b>117,741</b>	<b>439,908</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$135,757</b>	<b>\$81,184</b>	<b>\$122,818</b>	<b>\$137,224</b>	<b>\$203</b>	<b>\$146,252</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	340,976
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(573,352)
Deferred revenues are not recognized until available in the funds	110,513
Arbitrage rebate	(156)
Interfund eliminations	700
<b>Net assets of governmental activities</b>	<b>\$318,589</b>

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

**City of Birmingham, Alabama**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**  
**(in thousands)**

	General	Birmingham Fund	Birmingham Water Work Proceeds	General Bond Debt Reserve	General Bond Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Taxes	\$200,255			\$26,497		\$483	\$227,235
Licenses and permits	55,622						55,622
Intergovernmental	16,539					17,160	33,699
Charges for services	16,119						16,119
Fines and forfeitures	4,741						4,741
Investment income	1,556	3,765	2,658	2,860		1,723	12,562
Other operating revenues	4,956					1,906	6,862
<b>TOTAL REVENUES</b>	<b>299,788</b>	<b>3,765</b>	<b>2,658</b>	<b>29,357</b>	<b>0</b>	<b>21,272</b>	<b>356,840</b>
<b>EXPENDITURES:</b>							
Current:							
Public safety	140,215						140,215
Street and sanitation	68,618					8,955	77,573
Cultural and recreational	35,904	1,000				950	37,854
General government	40,384	1,315	37,419		167	12,423	91,708
Total current operations	285,121	2,315	37,419	0	167	22,328	347,350
Debt service:							
Principal					19,457		19,457
Interest					17,380	800	18,180
Total debt service					36,837	800	37,637
Capital outlays						31,079	31,079
Warrant issue costs						217	217
<b>TOTAL EXPENDITURES</b>	<b>285,121</b>	<b>2,315</b>	<b>37,419</b>	<b>0</b>	<b>37,004</b>	<b>54,424</b>	<b>416,283</b>
Excess (deficiency) of revenues over (under) expenditures	14,667	1,450	(34,761)	29,357	(37,004)	(33,152)	(59,443)
Other financing sources (uses):							
Proceeds from sale of property	811					76	887
Issuance of warrants						8,985	8,985
Capital lease						431	431
Discounts on warrants						(35)	(35)
Payment to escrow agent						(8,733)	(8,733)
Transfers in					37,401	26,363	63,764
Transfers out	(25,033)		(658)	(37,401)		(672)	(63,764)
Net other financing sources (uses)	(24,222)	0	(658)	(37,401)	37,401	26,415	1,535
Net change in fund balances	(9,555)	1,450	(35,419)	(8,044)	397	(6,737)	(57,908)
Fund balances, beginning of year	83,733	79,260	151,490	59,129	(274)	124,478	497,816
Fund balances, end of year	<u>\$74,178</u>	<u>\$80,710</u>	<u>\$116,071</u>	<u>\$51,085</u>	<u>\$123</u>	<u>\$117,741</u>	<u>\$439,908</u>

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

**City of Birmingham, Alabama**  
**Statement of Net Assets**  
**Proprietary Fund**  
**Emergency Management Communication District**  
**June 30, 2005**  
**(in thousands)**

**ASSETS**

Current assets:

Cash and investments	\$2,964
Accrued interest	13
Prepaid items	48
<b>Total current assets</b>	<b>3,025</b>

Property, plant, and equipment:

Buildings and systems	1,025
Machinery and equipment	1,990
Furniture and fixtures	49
Less accumulated depreciation	(2,300)
<b>Total property, plant, and equipment</b>	<b>764</b>

**TOTAL ASSETS**

**\$3,789**

**LIABILITIES**

Current liabilities:

Accounts payable	\$45
Due to other funds	2,690
<b>TOTAL LIABILITIES</b>	<b>2,735</b>

**NET ASSETS**

Invested in capital assets	764
Unrestricted	290
<b>NET ASSETS</b>	<b>1,054</b>

**TOTAL LIABILITIES AND NET ASSETS**

**\$3,789**

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

**City of Birmingham, Alabama**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Fund**  
**Emergency Management Communication District**  
**For the Year Ended June 30, 2005**  
**(in thousands)**

<b>OPERATING REVENUES:</b>	
Service fees	\$2,954
	<hr/>
<b>OPERATING EXPENSES:</b>	
Public safety	2,690
General and administrative	433
Repairs and maintenance	115
Depreciation	20
Total operating expenses	<hr/> 3,258 <hr/>
Operating loss	(304)
<b>NONOPERATING REVENUES:</b>	
Interest income	34
	<hr/>
Net loss	(270)
Net assets, beginning of year	<hr/> 1,324
Net assets, end of year	<hr/> <hr/> \$1,054

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

**City of Birmingham, Alabama**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Emergency Management Communication District**  
**For the Year Ended June 30, 2005**  
**(in thousands)**

**Cash flows from operating activities:**

Cash received from customers	\$2,954
Cash payments to suppliers	(3,344)
Cash payments to employees	(47)
<b>Net cash provided by operating activities</b>	<u>(437)</u>

**Cash flows from investing activities:**

Interest received	<u>31</u>
Net decrease in cash and cash equivalents	(406)
Cash and investments, beginning of year	3,370
Cash and investments, end of year	<u><u>\$2,964</u></u>

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

Operating loss	<u>(\$304)</u>
----------------	----------------

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

Depreciation	20
Change in prepaid items	(21)
Change in accounts payable	41
Change in due to other funds	(173)
	<u>(133)</u>
<b>Net cash provided by operating activities</b>	<u><u>(\$437)</u></u>

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

**City of Birmingham, Alabama**  
**Statement of Fiduciary Net Assets**  
**Pension Trust Funds**  
**June 30, 2005**  
**(in thousands)**

<b>ASSETS:</b>	
Cash and cash equivalents	\$112,217
Receivables:	
Members	1,790
Member loans	10,377
Interest and dividends	11,810
Due from other funds	700
Investments, at fair value:	
U. S. Government obligations	205,163
Domestic corporate bonds	190,481
Domestic stocks	411,399
	<hr/>
<b>TOTAL ASSETS</b>	<b>943,937</b>
	<hr/>
<b>LIABILITIES</b>	
Accounts payable and other	1,614
	<hr/>
<b>NET ASSETS</b>	
Held in trust for future pension benefits	\$942,323
	<hr/> <hr/>

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

**City of Birmingham, Alabama**  
**Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
**For the Year Ended June 30, 2005**  
**(in thousands)**

**ADDITIONS:**

Contributions:

Employer contributions	\$14,288
Plan member contributions	13,492
Total contributions	27,780

Investment income:

Investment earnings	56,703
Securities lending	215
	56,918
Less investment expenses	3,529
Net investment income	53,389

Other income	605
	81,774

**TOTAL ADDITIONS**

**DEDUCTIONS:**

Benefits	51,029
Refunds of contributions	1,141
Administrative expenses	780
	52,950

**TOTAL DEDUCTIONS**

Net increase	28,824
--------------	--------

Net assets held in trust for future pension benefits:

Beginning of year	913,499
End of year	\$942,323

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

**City of Birmingham, Alabama**  
**Statement of Net Assets - Component Units**  
**June 30, 2005**  
(in thousands)

	Component Units		Total
	Birmingham Airport Authority	Birmingham Parking Authority	
<b>ASSETS:</b>			
Current assets:			
Cash and investments	\$7,073	\$2,357	\$9,430
Receivables:			
Accounts (net of allowances for uncollectibles)	372	310	682
Due from other governments	5,963		5,963
Prepaid items	459	33	492
Total current assets	<u>13,867</u>	<u>2,700</u>	<u>16,567</u>
Capital assets:			
Land	100,532	5,146	105,678
Buildings and capital facilities	222,576	3,990	226,566
Machinery and equipment	6,507	1,102	7,609
Accumulated depreciation	(98,158)	(3,014)	(101,172)
Construction in progress	50,991	691	51,682
Total capital assets	<u>282,448</u>	<u>7,915</u>	<u>290,363</u>
Deferred charges	1,794		1,794
Restricted assets:			
Cash and cash equivalents	12,084		12,084
Investments	4,460		4,460
Grants receivable	3,156		3,156
Accounts receivable	700		700
Accrued interest receivable	22		22
Total restricted assets	<u>20,422</u>		<u>20,422</u>
<b>TOTAL ASSETS</b>	<u><b>\$318,531</b></u>	<u><b>\$10,615</b></u>	<u><b>\$329,146</b></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts and vouchers payable	\$4,087	\$214	\$4,301
Accrued payroll and payroll taxes payable		209	209
Due to primary government		424	424
Other liabilities:			
Capitalized leases	90		90
Compensated absences		41	41
Bonds and warrants payable	3,100		3,100
Notes payable		2,079	2,079
Interest payable	1,741		1,741
Total current liabilities	<u>9,018</u>	<u>2,967</u>	<u>11,985</u>
Long-term liabilities:			
Capitalized leases	180		180
Compensated absences	358	199	557
Bonds and warrants payable	81,941		81,941
Total long-term liabilities	<u>82,479</u>	<u>199</u>	<u>82,678</u>
<b>TOTAL LIABILITIES</b>	<u><b>91,497</b></u>	<u><b>3,166</b></u>	<u><b>94,663</b></u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	198,931	4,887	203,818
Restricted for:			
Debt service	9,227		9,227
Future projects	6,298		6,298
Unrestricted	12,578	2,562	15,140
<b>TOTAL NET ASSETS</b>	<u><b>227,034</b></u>	<u><b>7,449</b></u>	<u><b>234,483</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$318,531</b></u>	<u><b>\$10,615</b></u>	<u><b>\$329,146</b></u>

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

**City of Birmingham, Alabama**  
**Statement of Activities - Component Units**  
**For the Year Ended June 30, 2005**  
**(in thousands)**

	Expenses	Charges for Services	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets		Total
				Birmingham Airport Authority	Birmingham Parking Authority	
Birmingham Airport Authority	\$30,467	\$26,113	\$16,611	\$12,257		\$12,257
Birmingham Parking Authority	5,619	5,658			39	
<b>Total component units</b>	<b>\$36,086</b>	<b>\$31,771</b>	<b>\$16,611</b>	<b>12,257</b>	<b>39</b>	<b>12,257</b>
General revenues:						
Unrestricted investment earnings				436	26	462
Other				4,079		4,079
<b>Total general revenues</b>				<b>4,515</b>	<b>26</b>	<b>4,541</b>
Change in net assets				16,772	65	16,837
Net assets - beginning of year				210,262	7,384	217,646
<b>Net assets - end of year</b>				<b>\$227,034</b>	<b>\$7,449</b>	<b>\$234,483</b>

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

**A. Reporting Entity**

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

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

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

**Discretely presented component units**

- The Birmingham Airport Authority (BAA) is a seven-member board appointed by the City and is a non-profit corporation under the provisions of the Code of Alabama. The Authority is responsible for the operations of the Birmingham International Airport. Because the City of Birmingham appoints the BAA's governing body and the City is obligated in some manner for the debt of the BAA, the Authority is included as a component unit in these financial statements. The BAA's fiscal year ends June 30.

The BAA reimburses the City for the cost of providing security and fire protection services to the Airport. Amounts charged by the City for the fiscal year ended June 30, 2005, totaled \$2,513,431.

- The Birmingham Parking Authority (BPA) is a three-member board appointed by the City and operates parking facilities in the City and also acts as a financing agent for certain other parking facilities. Because the City appoints the BPA's governing body, the City is obligated to provide and receives specific financial benefits, and the City is obligated in some manner for the debt of the BPA, the Authority is included as a component unit in these financial statements. The BPA's fiscal year ends June 30.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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, 2005

Birmingham Parking Authority  
401 20<sup>th</sup> Street North  
Birmingham, Alabama 35203  
Financial statement date: June 30, 2005

**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 2005, the City appropriated to these related organizations \$5,309,767 and \$39,565, respectively. These organizations are related organizations that have not been included within the City's financial statements.

**Joint Venture**

As defined in GASB Statement No. 14, a joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. The City participates in the Birmingham-Jefferson County Civic Center Authority (BJCCA) which was created by the Alabama Legislature as a public corporation authorized to construct, maintain, operate, and manage a civic center in the City of Birmingham, Jefferson County, Alabama. The BJCCA also owns a hotel that is managed by an independent operator. The City is a joint participant in the BJCCA with Jefferson County; each is obligated by contract to remit amounts to supplement the BJCCA's operating revenues. In accordance with the interlocal agreement, the City remitted \$3,000,000 to the BJCCA during fiscal year 2005. The City does not have an equity ownership in this joint venture. Separate financial statements indicated a change in net assets of \$7,736,851 and \$11,672,430 for the years ended August 31, 2004 and 2005, respectively; net assets at August 31, 2004 and 2005, respectively, totaled \$65,266,775 and \$76,939,205.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

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

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

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

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

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

All governmental funds are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. The City of Birmingham considers revenues to be *available* if they are collected within 60 days of the end of the current fiscal period; 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 City of Birmingham reports the following major governmental funds:

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

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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 *interfund balances*.

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

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

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

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

2. Receivables and Payables –

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

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

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

3. Inventories and Prepaid Items – Inventories are valued on the average cost basis. Inventory consists of expendable supplies held in the General Fund for consumption. The cost is recorded as an expenditure at the time individual inventory items are used (consumption method). Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items.

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

5. Capital assets – Capital assets include property, buildings, furniture and other equipment, and infrastructure. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital outlays are recorded as expenditures of the governmental funds. Capital assets, other than infrastructure, are defined by the City as items with an estimated useful life of three years or more and an individual cost in excess of \$500. Capital assets are recorded at cost where historical cost is available or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value at time of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend useful lives are expensed. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

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

The City of Birmingham implemented the majority of the capital asset requirements, including infrastructure assets, of GASB Statement No. 34

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

during fiscal year 2002. The City elected to capitalize all infrastructure assets that were purchased, constructed, or donated subsequent to June 30, 1980.

The City has not included land associated with infrastructure assets, commonly referred to as “right of way.” This category of infrastructure is not expected to have a material value and will be capitalized by the end of fiscal year 2006.

The City recognizes the intrinsic value of historical works and collections. As such, the City has adopted a policy that these items will not be considered capital items and subject to depreciation. This policy covers the historical works and collections housed at the City’s various museums. Should the sale of any of these items occur, the City is committed to using the 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 issuance costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premiums. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

**II. Reconciliation of Government-Wide and Fund Financial Statements**  
**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets (dollars in thousands)**

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$573,352 difference are as follows:

Bonds payable	\$543,705
Add: Issuance premium (to be amortized as interest expense)	10,002
Less: Discount on issuance of warrants	(33)
Less: Deferred charge for issuance costs (to be amortized over the life of the debt)	(11,560)
Accrued interest payable	3,641
Capital leases	417
Notes payable	380
Compensated absences	12,595
Landfill closure liability	7,005
Workmen's compensation claims	7,200
	\$573,352

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. In the statement of activities, however, these costs are allocated over their estimated useful lives and reported as depreciation expense.”

The details of this \$3,523 difference are as follows:

Capital outlay	\$19,231
Depreciation expense	(15,708)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	\$3,523

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

Another element of that reconciliation states that “the issuance of long-term debt provides current resources to governmental funds and the repayment of the principal of long-term debt uses current financial resources of governmental funds. These transactions have no effect on net assets.” The details of this \$25,036 difference are as follows:

Principal repayments:	
General obligation debt	\$(24,435)
Capital leases and notes payable	(384)
Issuance costs	<u>(217)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	<u><u>(\$25,036)</u></u>

**III. Stewardship, compliance, and accountability**

**A. Budgetary information**

The annual budget for the City of Birmingham’s General Fund is adopted on a basis consistent with generally accepted accounting principles. Budgets for the Special Revenue and Capital Projects Funds are adopted on an individual project basis. Budgets are not prepared for the Debt Service Funds because effective budgetary control is alternatively achieved through general obligation indenture provisions.

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

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

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

Excess of expenditures and other uses over revenues and other sources (GAAP basis)	(\$9,555)
Less prior year accrued expense (GAAP)	(2,915)
Plus current year accrued expense (GAAP)	3,281
Plus encumbrance elimination (GAAP)	6,482
Plus net decrease in fair market value of investments (GAAP)	807
Less current year encumbrances (budgetary basis)	<u>(10,430)</u>
Excess of expenditures and other uses over revenues and other sources (Budgetary basis)	<u><u>(\$12,330)</u></u>

**IV. Detailed notes on all funds**

**A. Deposits and Investments**

**Deposits** – At June 30, 2005, the carrying amount of the City’s demand deposits, certificates of deposits, and money market investments in all funds was \$203,886,027 and the bank balance was \$203,567,904.

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

**Investments** – At June 30, 2005, 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	\$ 240,134,737	3.22
U.S. Treasuries	219,246,678	6.75
U.S. Corporate debt	201,026,852	7.51
U.S. Corporate stock	<u>473,626,291</u>	-
Total fair value	\$1,134,034,558	
Portfolio weighted avg. maturity		5.83

**Interest Rate Risk**

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

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

Retirement & Relief System – The City's investment policy for its Retirement & Relief System does not 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 \$9,878,645, and U.S.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

corporate debt with a fair value of \$1,652,655. 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.

**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 manage the securities lending program and received both cash and domestic bonds as collateral. The collateral securities cannot be pledged nor sold by the City unless the borrower defaults. Collateral securities are initially pledged at 102 % of the market value of the securities lent and this collateral is adjusted weekly to maintain the 102% level. The City's Pension Plans authorize the lending of domestic bonds and equity securities. The cash collateral is invested in commingled short-term fixed income accounts. The City, as a program participant, assumes the risk that (a) the overnight investment will not equal or exceed the rebate rate, (b) a loss of principal in the overnight investment, and (c) the collateral will not be sufficient if called upon to repurchase the lost security. As of June 30, 2005, the City has approximately \$230,147,416 of securities in the securities lending program and has incurred no loss through its participation in this program and has no anticipated risk exposure.

**B. Receivables**

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

Year	Amount
2006	102
2007	96
2008	92
Total minimum lease payments	290
Less amount representing interest	(20)
Present value of minimum lease payments	\$270

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2005 was as follows (in thousands):

	June 30, <u>2004</u>	<u>Increases</u>	<u>Decreases</u>	June 30, <u>2005</u>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$45,130	1,167	137	46,160
Construction in progress	9,960	7,707	4,552	13,115
Land, infrastructure projects	<u>14,503</u>	<u>717</u>	<u>          </u>	<u>15,220</u>
Total nondepreciable capital assets	69,593	9,591	4,689	74,495
Capital assets, depreciable:				
Buildings & capital facilities	186,912	5,914	309	192,517
Furniture & other equipment	143,738	4,327	7,107	140,958
Infrastructure	<u>159,763</u>	<u>3,952</u>	<u>          </u>	<u>163,715</u>
Total depreciable capital assets	490,413	14,193	7,416	497,190
Less accumulated depreciation:				
Buildings & capital facilities	36,871	3,035	88	39,818
Furniture & other equipment	101,032	7,078	6,480	101,630
Infrastructure	<u>83,665</u>	<u>5,596</u>	<u>          </u>	<u>89,261</u>
Total accumulated depreciation	<u>221,568</u>	<u>15,709</u>	<u>6,568</u>	<u>230,709</u>
Net depreciable capital assets	<u>268,845</u>	<u>(1,516)</u>	<u>848</u>	<u>266,481</u>
Governmental activities, net capital assets	<u>\$338,438</u>	<u>8,075</u>	<u>5,537</u>	<u>340,976</u>
Buildings & other capital facilities	\$1,025			1,025
Furniture & other equipment	<u>2,039</u>			<u>2,039</u>
Total capital assets	<u>3,064</u>			<u>3,064</u>
Less accumulated depreciation:				
Buildings & other capital facilities	277	20		297
Furniture & other equipment	<u>2,003</u>			<u>2,003</u>
Total accumulated depreciation	<u>2,280</u>	<u>20</u>		<u>2,300</u>
Business-type activities, net capital assets	<u>\$784</u>	<u>(20)</u>		<u>764</u>

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

**Governmental activities:**

Public safety, including depreciation of infrastructure assets	\$8,992
Streets and sanitation	2,297
Cultural and recreation	1,193
General government	<u>3,226</u>
Total depreciation - governmental activities	<u><u>\$15,708</u></u>

**Business-type activities:**

E-911 operations	<u>\$20</u>
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**D. Interfunds receivable, payable, and transfers**

The City uses interfund receivables/payables to record interfund reimbursements that arise when one fund reimburses another fund for costs incurred on its behalf. The composition of interfund balances as of June 30, 2005, is as follows (in thousands):

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Improvements	General Fund	\$32,414
	Special Revenue	658
Special Revenue	General Fund	5
Debt Service Funds	Debt Service Fund	84
	Birmingham	
	Emergency Mgt.	
	Communication	
General Fund	District	2,690
Pension Trust Funds	General Fund	<u>700</u>
		<u><u>\$36,551</u></u>

The City uses interfund transfers to record the resources one fund provides another fund with no expectation of repayment, such as occurs with companion funds. The composition of interfund transfer balances at June 30, 2005, is as follows (in thousands):

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

Interfund transfers:

Transfers Out	Transfers In		
	Debt Service	Other Governmental Funds	Total
General Fund		\$20,489	\$20,489
General Bond Debt Reserve	\$37,401		37,401
Nonmajor Governmental Funds		1,330	1,330
	<u>\$37,401</u>	<u>\$21,819</u>	<u>\$59,220</u>

**E. Interest rebate liability**

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

The interest rebate is reviewed over a five-year period at which time the actual interest rebate, if any, will be paid to the Internal Revenue Service. Because of possible changes in interest rates in subsequent years, the current estimate of the interest rebate liability may change and, accordingly, the actual rebate due the IRS in subsequent years is uncertain. At June 30, 2005, the City had an interest rebate liability of approximately \$156,000 on the following bond/warrant issues:

Debt Issue	Amount
2001-B Refunding Warrants/ 2002-A General Obligation Bonds	\$79,775
2000 Tax Increment Warrants	76,468
	<u>\$156,243</u>

**F. 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.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005, are as follows:

Year ending June 30,	
2006	\$70,000
2007	70,000
2008	70,000
2009	70,000
2010	70,000
2011	70,000
2012	<u>53,000</u>
Total minimum lease payments	473,000
Less amount representing interest	<u>(56,000)</u>
Present value of minimum lease payments	<u>\$417,000</u>

**G. Long-term debt**

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and/or construction of capital assets. The bonds are direct obligations of the City, and the full faith and credit of the City is pledged against the bonds. The bonds outstanding at June 30, 2005, are as follows (in thousands):

1977 A-M; 4%-8%	\$4,440
1996; 3.75%-5.25%	5,635
1997-A; variable rate	67,835
1997-B, A-E; 4.5%-5.375%	9,585
1998-A, A-B; 3.7%-5.125%	9,875
1999-A; 3.1%-5.0%	21,460
1999-B; 3.5%-5.75%	38,125
2001-A; 2.3%-5.75%	59,705
2002-A; 5%-5.5%	31,745
2002-B; 2.25%-5.25%	<u>76,935</u>
	<u>\$325,340</u>

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

June 30,	Principal	Interest
2006	\$15,420	\$31,912
2007	16,335	32,307
2008	16,390	31,563
2009	17,190	31,549
2010	18,125	31,548
2011-2015	99,555	151,251
2016-2020	72,600	100,012
2021-2025	25,330	39,687
2056-2030	25,575	33,607
2031-2033	18,820	20,263
	<u>\$325,340</u>	<u>\$503,699</u>

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 warrants outstanding at June 30, 2005 are as follows (in thousands):

1997; 3.8%-5.0%	\$5,910
1998-A; variable rate	6,540
1998-B; variable rate	27,535
2000-A; 4.3%-5.5%	51,955
2001-B; 5%-5.5%	13,310
2001-C; 4%-5.75%	20,800
2003-A; 1.7%-5.25%	17,755
2003-B; 1.2%-5%	30,225
2004-A; variable rate	23,490
2004-B; 2.3%-4%	8,415
	<u>\$205,935</u>

Revenue Warrants:

2000 Tax Increment Financing; variable rate	<u>\$12,430</u>
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CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

June 30	Principal	Interest
2006	8,500	9,583
2007	8,860	9,234
2008	9,230	8,867
2009	9,640	8,458
2010	10,060	8,042
2011-2015	59,815	32,805
2016-2020	55,710	16,987
2021-2025	30,625	7,155
2026-2029	13,495	1,005
	\$205,935	\$102,136

Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$325,340
Warrants payable	205,935
Revenue warrants	12,430
	543,705
 Less current maturities	 (24,515)
 Unamortized premium & discount	 9,969
 Total bonds and warrants payable	 \$529,159

Advance Refundings

The City of Birmingham issued \$8,985,000 of general obligation refunding warrants in October 2004. Funds were placed in an irrevocable trust for the purpose of providing for future debt service payments of \$8,235,000 for the 1995-B Street Improvements Warrants. The refunded warrants are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The refunding transaction resulted in an economic gain of \$474,000 or a 5.76% savings of the refunded bonds.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

Changes in long-term liabilities (in thousands):

Governmental activities:

	Balance July 1, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
Bonds and warrants payable (net of premium and discounts)	\$581,298	\$8,985	\$36,609	\$553,674	\$24,515
Capital leases	0	431	14	417	55
Workmen's compensation claims	7,200			7,200	0
Compensated absences	13,747	12,595	13,747	12,595	1,090
Closure and postclosure costs	7,298	359	652	7,005	0
Notes payable	750		370	380	380
	<u>\$610,293</u>	<u>\$22,370</u>	<u>\$51,392</u>	<u>\$581,271</u>	<u>\$26,040</u>

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

**H. Risk Management**

The City of Birmingham is exposed to various risks of loss related to torts, theft, errors and omissions, job-related illnesses and injuries, and natural disasters. Risk management is the process of managing the City's activities to minimize the adverse effects of certain types of losses and to obtain finances to provide for or restore the economic damages of those losses. The City finances its risk through self-insurance (risk retention) and through the purchase of insurance with a commercial insurance carrier (risk transfer).

The City funds the dental expense reimbursement plan that provides coverage up to a maximum of \$1,000 for each covered individual per claim year. The plan is financed by City and employee contributions. Settled claims have not exceeded the self-insured retention in any of the past three fiscal years. At June 30, the estimated liability for claims and changes in the liability from the preceding fiscal year were as follows (in thousands):

June 30	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2005	\$0	720	720	\$0
2004	\$0	697	697	\$0
2003	\$0	700	700	\$0

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

<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>
2005	\$7,200	0	0	\$7,200
2004	\$7,200	0	0	\$7,200
2003	\$7,200	0	0	\$7,200

The City covers all claims expenditures out of its General Fund resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2005, the amount of these liabilities totaled \$3.144 million. The liability is the City's best estimate based on available information. Changes in the General Fund's claims liability amount in the last three fiscal years are as follows (in thousands):

<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>
2005	\$3,975	1,768	2,599	\$3,144
2004	\$7,792	(1,806)	2,011	\$3,975
2003	\$5,526	6,234	3,968	\$7,792

**I. Commitments and Contingencies**

The City of Birmingham is required by Act 232 of the 1977 Alabama Legislature to pay the Birmingham Jefferson County Transit Authority an

amount equal to 10% of the ad valorem taxes collected for the County on property located within the municipality. Such amount was approximately \$3,000,000 for the 2005 fiscal year.

The City entered into an agreement with Jefferson County and the Birmingham-Jefferson County Civic Center Authority (BJCCA) for the

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

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

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

The City of Birmingham entered into an agreement with WalMart Real Estate Trust in May 2002. WalMart agreed to purchase and construct within the City limits two retail sales components – one being a WalMart Supercenter and the other a retail gasoline station. The City, in return, agreed to rebate the City's portion of sales taxes collected at the new location up to \$10,000,000. The two new locations began operations in December 2003; to date the City has rebated approximately \$2,729,000 to WalMart.

In August 2002, the City entered into funding agreements with the Greater Birmingham Convention & Visitors Bureau (the Bureau) and with the Birmingham Jefferson Civic Center Authority (BJCCA). The purpose of the agreements is to encourage and promote tourism and convention business

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

within the city. On July 30, 2002, the City Council levied and imposed a privilege tax on every person, firm, or corporation engaged in the business of renting or furnishing any type accommodations to people in hotels, motels, inns, cabins, or any other type lodging. The tax is 3% of the charges of the lodging accommodations. The City agreed to rebate one-third of the taxes collected to the Bureau and two-thirds to the BJCCA. The terms of the agreements are from July 1, 2002, through June 30, 2007, with options for renewal of successive five-year terms. As of June 30, 2005, the City has collected approximately \$5,050,000 in lodging tax revenues and has remitted approximately \$1,683,000 to the Bureau and approximately \$664,000 to the BJCCA. As of June 30, 2005, the City was holding approximately \$2,703,000 of lodging tax revenues due to the BJCCA until a dispute over the collection of sales taxes is resolved; these funds were paid on September 27, 2005, to the BJCCA.

In July 2005, the City of Birmingham entered into an agreement with the U. S. Department of Justice to make improvements to City-owned properties to bring them into compliance with the American Disabilities Act. As part of the agreement, the City will hire an ADA compliance officer within the next fiscal year and will make the needed improvements and upgrades within a three-year timeframe.

**J. Subsequent events**

On November 14, 2005, the City of Birmingham issued \$28,230,000 of general obligation refunding bonds, Series 2005-A. The proceeds of this issue were used to refund a portion of the Series 1997-B general obligation bonds and a portion of the Series 1999-B general obligation bonds.

**K. Closure and post closure cost**

State and federal laws and regulations require the City to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the estimated closure and postclosure cost liability as a long-term liability. The liability is increased or decreased each period based on landfill capacity used as of each balance sheet date.

The approximate \$7 million reported as closure and postclosure care liability at June 30, 2005, represents the cumulative amount reported to date based on the use of approximately 95 percent of the estimated capacity of the landfill. The City will decrease the existing liability by approximately \$1.1

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. Actual costs may be higher due to inflation, changes in technology, and/or changes in regulations.

**L. Pension Funds**

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

Plan Description

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

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

*City of Birmingham Retirement and Relief System* – This system covers all civil service employees, elected officials, and appointed employees. Membership is mandatory for covered employees and is effective upon employment. Appointed employees have the option of participating in this plan or in an alternative retirement plan. The City and employees each contribute one-half of the required contribution payable as a percent of compensation for the year, exclusive of overtime and subject to statutory limits. Current membership as of the last actuarial valuation of July 1, 2004, was 3,915 active members, 177 inactive members, 1,742 retired service pensioners, and 416 beneficiaries.

*City of Birmingham Firemen's and Policemen's Supplemental Pension System*- This system covers sworn firemen and policemen and provides retirement benefits for twenty or twenty-five years of service. Membership is mandatory for such personnel and is effective upon employment. Employees hired prior to May 2, 1978, contribute 3.3% of payroll, exclusive of overtime;

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

those hired on or subsequent to May 2, 1978, contribute 5.22% and the City matches these amounts. Current membership as of the last actuarial valuation of July 1, 2004, was 1,446 active members, 165 retired service pensioners, and 84 beneficiaries.

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

*City of Birmingham Unclassified Employees Pension and Relief System* – This system covers laborers not hired under civil service. Employees contribute \$10.00 bi-weekly. The City is required by City ordinance to contribute a sum, computed as a percentage of payroll, to fund the annual cost of the unfunded liability over thirty years. There are currently 10 active members and 53 pensioners including 2 beneficiaries.

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

*Policemen's Pension and Relief Fund* – This system covers policemen employed prior to September 1939. There is 1 disability pensioner and 9 beneficiaries currently in the plan.

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

*Limited Policemen's Retirement and Relief System* – This system covers certain designated policemen formerly members of the Policemen's Pension and Relief Fund. Current membership includes 1 service pensioners and 6 beneficiaries.

#### Post-Retirement Benefits

In addition to the pension benefits described above, the City provides post-retirement health care benefits to retired employees who are eligible for pension benefits. The plan requires retirees to reduce their life insurance coverage, which retirees are required to pay in its entirety, and in exchange,

the City will subsidize a portion of the retirees' health insurance premiums. The amount of the subsidy is based on the type of health insurance coverage chosen by retirees and the percentage of the retirees' life insurance reduction.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

Summary of Significant Accounting Policies

The activities and the financial statements of the pension plans are accounted for on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Each pension plan's cash assets are invested in equity and fixed-income securities. All plan assets are reported at fair value. Investments traded on the national exchange are valued at the last reported sales price on the government's balance sheet date. Actuarial valuations are performed annually, and the latest are all dated July 1, 2004. The plans do not issue stand-alone financial reports, and all required disclosures are included in this report.

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

<b>Plan</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets</b>	<b>Actuarial Liability (AAL)-Entry Age</b>	<b>Unfunded (Overfunded) AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered</b>
							<b>Payroll</b>
Retirement & Relief	7/1/1995	437,496	426,019	(11,477)	102.69%	110,198	-10.41%
	7/1/1996	468,396	439,162	(29,234)	106.66%	116,944	-25.00%
	7/1/1997	513,509	464,100	(49,409)	110.65%	120,831	-40.89%
	7/1/1998	575,642	496,911	(78,731)	115.84%	123,507	-63.75%
	7/1/1999	658,647	532,898	(125,749)	123.60%	125,105	-100.51%
	7/1/2000	738,898	615,476	(123,422)	120.05%	135,975	-90.77%
	7/1/2001	773,453	727,361	(46,092)	106.34%	149,422	-30.85%
	7/1/2002	778,605	758,085	(20,520)	102.71%	151,180	-13.57%
	7/1/2003	785,647	796,084	10,437	98.69%	152,242	6.86%
	7/1/2004	801,612	838,486	36,873	95.60%	158,062	23.33%
Firemen's and Policemen's Supplemental	7/1/1995	28,145	40,869	12,724	68.87%	45,344	28.06%
	7/1/1996	25,760	40,241	14,481	64.01%	48,784	29.68%
	7/1/1997	26,152	41,198	15,046	63.48%	51,647	29.13%
	7/1/1998	28,228	40,658	12,430	69.43%	52,553	23.65%
	7/1/1999	27,283	37,004	9,721	73.73%	53,264	18.25%
	7/1/2000	25,936	47,979	22,043	54.06%	56,456	39.04%
	7/1/2001	26,993	49,827	22,834	54.17%	61,270	37.27%
	7/1/2002	29,150	52,276	23,126	55.76%	62,815	36.82%
	7/1/2003	31,646	53,771	22,125	58.85%	61,435	36.01%
	7/1/2004	33,868	56,331	22,464	60.12%	64,550	34.80%
Unclassified Employees' Pension	7/1/1995	5,004	3,134	(1,870)	159.67%	430	-434.88%
	7/1/1996	4,313	2,909	(1,404)	148.26%	334	-420.36%
	7/1/1997	4,571	N/A	(4,571)	N/A	N/A	N/A
	7/1/1998	4,846	N/A	(4,846)	N/A	N/A	N/A
	7/1/1999	4,837	N/A	(4,837)	N/A	N/A	N/A
	7/1/2000	2,508	N/A	(2,508)	N/A	N/A	N/A
	7/1/2001	N/A	N/A	N/A	N/A	N/A	N/A
	7/1/2002	N/A	N/A	N/A	N/A	N/A	N/A
	7/1/2003	N/A	N/A	N/A	N/A	N/A	N/A
	7/1/2004	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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

Plan	Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial		Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
			Liability (AAL)- Entry Age	Unfunded (Overfunded) AAL (UAAL)			
Firemen's Pension & Relief	7/1/1995	2,050	1,448	(602)	141.57%	N/A	N/A
	7/1/1996	2,285	1,273	(1,012)	179.50%	N/A	N/A
	7/1/1997	2,913	1,106	(1,807)	263.38%	N/A	N/A
	7/1/1998	2,922	987	(1,935)	296.05%	N/A	N/A
	7/1/1999	3,443	820	(2,623)	419.88%	N/A	N/A
	7/1/2000	4,178	642	(3,536)	650.78%	N/A	N/A
	7/1/2001	4,692	600	(4,092)	782.00%	N/A	N/A
	7/1/2002	5,800	1,187	(4,613)	488.63%	N/A	N/A
	7/1/2003	5,731	561	(5,170)	1021.57%	N/A	N/A
	7/1/2004	6,189	501	(5,688)	1235.30%	N/A	N/A
Policemen's Pension & Relief	7/1/1995	610	610	0	0.00%	N/A	N/A
	7/1/1996	513	513	0	0.00%	N/A	N/A
	7/1/1997	433	433	0	0.00%	N/A	N/A
	7/1/1998	384	384	0	0.00%	N/A	N/A
	7/1/1999	334	334	0	0.00%	N/A	N/A
	7/1/2000	282	282	0	0.00%	N/A	N/A
	7/1/2001	302	302	0	0.00%	N/A	N/A
	7/1/2002	226	226	0	0.00%	N/A	N/A
	7/1/2003	0	186	186	0.00%	N/A	N/A
	7/1/2004	0	159	159	0.00%	N/A	N/A
Limited Firemen's Retirement & Relief	7/1/1995	567	567	0	0.00%	N/A	N/A
	7/1/1996	539	539	0	0.00%	N/A	N/A
	7/1/1997	473	473	0	0.00%	N/A	N/A
	7/1/1998	400	400	0	0.00%	N/A	N/A
	7/1/1999	382	382	0	0.00%	N/A	N/A
	7/1/2000	341	341	0	0.00%	N/A	N/A
	7/1/2001	298	298	0	0.00%	N/A	N/A
	7/1/2002	284	284	0	0.00%	N/A	N/A
	7/1/2003	0	130	130	0.00%	N/A	N/A
	7/1/2004	0	123	123	0.00%	N/A	N/A
Limited Policemen's Retirement & Relief	7/1/1995	746	746	0	0.00%	N/A	N/A
	7/1/1996	745	745	0	0.00%	N/A	N/A
	7/1/1997	621	621	0	0.00%	N/A	N/A
	7/1/1998	521	521	0	0.00%	N/A	N/A
	7/1/1999	403	403	0	0.00%	N/A	N/A
	7/1/2000	419	419	0	0.00%	N/A	N/A
	7/1/2001	397	397	0	0.00%	N/A	N/A
	7/1/2002	361	361	0	0.00%	N/A	N/A
	7/1/2003	0	278	278	0.00%	N/A	N/A
	7/1/2004	0	239	239	0.00%	N/A	N/A

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

**Schedule of Employer Contributions**

<b>City of Birmingham Retirement &amp; Relief</b>		
<b>Fiscal Year</b>	<b>Annual Required</b>	<b>Percentage</b>
<b>End June 30.</b>	<b>Contribution</b>	<b>Contribution</b>
1995	7,888,794	100.00%
1996	8,574,845	100.00%
1997	9,327,208	100.00%
1998	6,621,250	100.00%
1999	8,157,000	100.00%
2000	7,073,900	100.00%
2001	10,151,206	100.00%
2002	8,580,579	100.00%
2003	9,756,787	100.00%
2004	12,875,198	100.00%

<b>Firemen's &amp; Policemen's Supplemental</b>		
<b>Fiscal Year</b>	<b>Annual Required</b>	<b>Percentage</b>
<b>End June 30.</b>	<b>Contribution</b>	<b>Contribution</b>
1995	1,497,028	100.00%
1996	1,485,656	100.00%
1997	1,725,118	100.00%
1998	1,704,350	100.00%
1999	1,734,200	100.00%
2000	1,757,550	100.00%
2001	2,371,000	100.00%
2002	2,756,102	100.00%
2003	2,570,134	100.00%
2004	2,647,128	100.00%

<b>Unclassified Employees' Pension</b>		
<b>Fiscal Year</b>	<b>Annual Required</b>	<b>Percentage</b>
<b>End June 30.</b>	<b>Contribution</b>	<b>Contribution</b>
1995	2,711	100.00%
1996	2,583	100.00%
1997	2,076	100.00%
1998	0	100.00%
1999	0	100.00%
2000	0	100.00%
2001	0	100.00%
2002	0	100.00%
2003	0	100.00%
2004	0	100.00%

<b>Firemen's Pension &amp; Relief</b>		
<b>Fiscal Year</b>	<b>Annual Required</b>	<b>Percentage</b>
<b>End June 30.</b>	<b>Contribution</b>	<b>Contribution</b>
1995	0	100.00%
1996	0	100.00%
1997	0	100.00%
1998	0	100.00%
1999	0	100.00%
2000	0	100.00%
2001	0	100.00%
2002	0	100.00%
2003	0	100.00%
2004	0	100.00%

<b>Policemen's Pension &amp; Relief</b>		
<b>Fiscal Year</b>	<b>Annual Required</b>	<b>Percentage</b>
<b>End June 30.</b>	<b>Contribution</b>	<b>Contribution</b>
1995	135,648	100.00%
1996	123,230	100.00%
1997	101,229	100.00%
1998	90,100	100.00%
1999	82,700	100.00%
2000	67,686	100.00%
2001	70,759	100.00%
2002	66,425	100.00%
2003	57,585	100.00%
2004	51,617	100.00%

<b>Limited Firemen's Retirement &amp; Relief</b>		
<b>Fiscal Year</b>	<b>Annual Required</b>	<b>Percentage</b>
<b>End June 30.</b>	<b>Contribution</b>	<b>Contribution</b>
1995	104,550	100.00%
1996	104,592	100.00%
1997	103,711	100.00%
1998	96,700	100.00%
1999	88,100	100.00%
2000	84,461	100.00%
2001	75,381	100.00%
2002	69,862	100.00%
2003	51,953	100.00%
2004	34,926	100.00%

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

**Schedule of Employer Contributions (continued)**

<b>Limited Policemen's Retirement &amp; Relief</b>		
<b>Fiscal Year</b>	<b>Annual</b>	<b>Percentage</b>
<b>End June 30,</b>	<b>Required</b>	<b>Contribution</b>
<b>Contribution</b>	<b>Contribution</b>	<b>Contribution</b>
1995	144,396	100.00%
1996	166,881	100.00%
1997	132,479	100.00%
1998	116,500	100.00%
1999	100,100	100.00%
2000	87,849	100.00%
2001	88,094	100.00%
2002	81,903	100.00%
2003	64,832	100.00%
2004	61,913	100.00%

**Notes to Trend Data - Pension Plans**

	<b>Retirement &amp; Relief System</b>	<b>Firemen's &amp; Policemen's Supplemental</b>	<b>Unclassified Employees' Pension</b>
<b>Actuarial Valuation:</b>			
Frequency	Annual	Annual	Annual
Latest Date	7/1/2004	7/1/2004	7/1/2004
Basis for Contributions	7/1/2004	7/1/2004	7/1/2004
Cost Method	Entry Age Normal	Entry Age Normal	Aggregate *
<b>Amortization:</b>			
Method	Level Dollar	Level Dollar	
Open/Closed	Open/Rolling 30 years	Open/Rolling 30 years	Closed
Equivalent Single Period Remaining	30	30	N/A
Asset Valuation Method	Smoothing=20% of Market Value	Smoothing=20% of Market Value	
<b>Assumptions:</b>			
Investment Earnings	7.50%	7.50%	
Salary Increase:			
Inflation	4%	4%	
Merit, Longevity, etc.	Varies from .00% to 6%	Varies from .00% to 6%	
Mortality Table	1983 GAM	1983 GAM	
Retirements	Table	Table	
Turnover	Table	Table	
Post Retirement Benefits	N/A	N/A	

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2005

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**Notes to Trend Data - Pension Plans (continued)**

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	Firemen's Pension & Relief	Policemen's Pension & Relief	Limited Firemen's Retirement & Relief	Limited Policemen's Retirement & Relief
<b>Actuarial Valuation:</b>				
Frequency	Annual	Annual	Annual	Annual
Latest Date	7/1/2004	7/1/2004	7/1/2004	7/1/2004
Basis for Contributions	7/1/2004	7/1/2004	7/1/2004	7/1/2004
Cost Method	Funded Frozen Plan	Frozen with Additional Benefit Payments	Frozen with Additional Benefit Payments	Frozen with Additional Benefit Payments
<b>Amortization:</b>				
Method	N/A	N/A	N/A	N/A
Open/Closed	Closed	Closed	Closed	Closed
Equivalent Single Period Remaining	N/A	N/A	N/A	N/A
Asset Valuation Method	N/A	N/A	N/A	N/A
<b>Assumptions:</b>				
Investment Earnings	7%	7%	7%	7%
Salary Increase:				
Inflation	N/A	N/A	N/A	N/A
Merit, Longevity, etc.	N/A	N/A	N/A	N/A
Mortality Table	1971 GAM	1971 GAM	1971 GAM	1971 GAM
Retirements	N/A	N/A	N/A	N/A
Turnover	N/A	N/A	N/A	N/A
Post Retirement Benefits	N/A	N/A	N/A	N/A

\* For the Unclassified Plan, the aggregate actuarial cost method does not identify or separately amortize any unfunded actuarial accrued liabilities.

City of Birmingham  
 General Fund  
 Schedule of Revenues, Expenditures, and Encumbrances  
 Budget and Actual  
 for the year ended June 30, 2005  
 (in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>Revenues:</b>			
Taxes:			
Sales tax	\$88,446	\$85,539	(\$2,907)
Use tax	17,501	21,732	4,231
Occupational tax	67,448	69,346	1,898
Property tax	22,817	23,639	822
Total taxes	<u>196,212</u>	<u>200,256</u>	<u>4,044</u>
Licenses & permits:			
Business:			
General	27,470	29,137	1,667
Public utilities	13,000	13,616	616
Beer-wholesale	1	1	0
Beer-retail	26	25	0
Liquor	860	901	41
Liquor and wine	140	137	(3)
Table wine tax	175	196	21
Lease or rental tax	6,885	6,321	(564)
Total business	<u>48,557</u>	<u>50,334</u>	<u>1,778</u>
Non-business:			
Building permits	3,670	5,032	1,362
Electrical inspection fees	102	71	(31)
Elevator permits	16	0	(16)
Plumbing permits	17	17	0
Gas permits	26	24	(2)
Blasting permits	1	1	0
Engineering permits	1	1	(1)
Excavation permits	52	10	(42)
Clearing & earthwork permits	25	34	9
Billboard permits	35	34	(1)
Mechanical permits	15	18	3
Dance permits	45	35	(10)
Other	10	12	2
Total non-business	<u>4,015</u>	<u>5,288</u>	<u>1,273</u>
Total licenses and permits	<u>52,572</u>	<u>55,622</u>	<u>3,051</u>
Fines and forfeitures:			
Municipal court fines	1,995	1,670	(325)
Prison collections	(9)	(9)	(9)
Traffic citations	1,995	1,532	(463)
Partial payments	875	898	23
Technology fee	7	1	(6)
Corrections	(14)	14	14
False alarm fine	20	8	(12)
Library	180	149	(31)
Municipal court fair trial tax	280	477	197
Total fines and forfeitures	<u>5,352</u>	<u>4,740</u>	<u>(612)</u>

City of Birmingham  
 General Fund  
 Schedule of Revenues, Expenditures, and Encumbrances  
 Budget and Actual  
 for the year ended June 30, 2005  
 (in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Intergovernmental revenue:			
Shared from local units:			
County gasoline tax	1,850	1,381	(469)
County tobacco tax	375	306	(69)
County road tax	2,200	2,488	288
County library contributions	272	204	(68)
Sales tax on sale of used cars	506	504	(2)
State-wide uniform beer tax	<u>1,826</u>	<u>1,744</u>	<u>(82)</u>
	<u>7,029</u>	<u>6,627</u>	<u>(402)</u>
Shared state revenue:			
Bank excise tax	2,683	2,683	0
Motor vehicle license	700	710	10
State liquor profits	133	199	66
State table wine tax	3	2	(1)
Interstate Regulatory Plan registration fees	250	478	228
Liquor store sales tax	210	217	7
Alabama Trust Fund	980	1,295	315
Reimbursement for street resurfacing		1,240	1,240
Business privilege tax	2,600	2,646	46
Oil production privilege tax	<u>10</u>	<u>38</u>	<u>28</u>
	<u>7,569</u>	<u>9,508</u>	<u>1,939</u>
Other:			
Civil Defense	26	20	(6)
National Park Service	0	55	55
Industrial Development Board	110	80	(30)
County Animal Control contribution	30		(30)
Youth Handgun Violence overtime grant	11		(11)
Indirect cost reimbursement-Community Development	250	250	0
Indirect cost reimbursement-Civil Defense	<u>7</u>		<u>(7)</u>
	<u>434</u>	<u>405</u>	<u>(29)</u>
Total intergovernmental revenue	<u>15,032</u>	<u>16,540</u>	<u>1,508</u>
Charges for services:			
Culture and recreation:			
Admission fees	44	55	11
Concessions	520	176	(344)
Parking	210	281	71
Rent	543	447	(96)
Drink machines	0	0	0
Gifts	21	18	(3)
Lunches	29	22	(7)
Miscellaneous	<u>96</u>	<u>0</u>	<u>(96)</u>
	<u>1,463</u>	<u>999</u>	<u>(464)</u>
Highways and streets:			
Streets, sidewalks, and curbs	20	9	(11)
Parking meters	1,250	1,302	52
Street lighting revenue	1	0	(1)
Street vacation fees	<u>300</u>	<u>222</u>	<u>(78)</u>
	<u>1,571</u>	<u>1,533</u>	<u>(38)</u>

City of Birmingham  
 General Fund  
 Schedule of Revenues, Expenditures, and Encumbrances  
 Budget and Actual  
 for the year ended June 30, 2005  
 (in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Charges for services (continued):			
General government:			
Subdivision fees	35	189	154
Zoning fees	20	10	(10)
Parking Authority	5,004	5,368	364
Right-of-way fiber optic fee	19	136	117
Franchise fees - AT&T	251	252	1
	<u>5,329</u>	<u>5,955</u>	<u>626</u>
Public safety:			
Accident and offense reports	170	214	44
Auto storage	520	483	(37)
Auto sales	434	383	(51)
Airport	3,027	2,513	(514)
E-911 cost reimbursement	2,568	2,690	122
Ambulance application fees	2	2	0
Advanced life support transportation fees	2,885	3,072	187
Domestic violence fees	40	41	1
Housing Authority	650	508	(142)
Court-ordered restitution	5	6	1
Photo lab fees	2	1	(1)
Other	0	4	4
	<u>10,303</u>	<u>9,917</u>	<u>(386)</u>
Sanitation:			
Garbage special services	0	1	1
Junk sales	8	11	3
Landfill charges	450	393	(57)
	<u>458</u>	<u>405</u>	<u>(53)</u>
Total charges for services	<u>19,124</u>	<u>18,809</u>	<u>(315)</u>
Other operating revenue:			
Interest earnings on investments	1,609	2,349	740
Interest earnings on loans	50	14	(36)
Total interest earnings	<u>1,659</u>	<u>2,363</u>	<u>704</u>
Warrants-airport	59	54	(5)
Airport lease payments	59	54	(5)
State Fair receipts	516	354	(162)
Rents and royalties	516	700	184
Discounts on purchase of stores	2	5	3
Commision on toll phones	140	76	(64)
Adjustment of prior years' encumbrances	466	816	350
Inventory adjustments		(350)	(350)
Damage to City property	120	87	(33)
Expense reimbursement	14	15	1
Industrial Development Board filing fees	14	0	(14)
Snack bar rental	2	4	2

City of Birmingham  
 General Fund  
 Schedule of Revenues, Expenditures, and Encumbrances  
 Budget and Actual  
 for the year ended June 30, 2005  
 (in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other operating revenue (continued):			
Race track distribution-City	576	380	(196)
Race track distribution-County	319	211	(108)
Refund of insurance stabilization	700	341	(359)
Income from recycling	15	2	(13)
FEMA reimbursement	0	1,114	1,114
Miscellaneous	640	1,093	453
Total other operating revenue	<u>5,817</u>	<u>7,319</u>	<u>1,502</u>
<b>Total revenues</b>	<u>294,109</u>	<u>303,286</u>	<u>9,178</u>
<b>Expenditures and Encumbrances:</b>			
Public safety:			
Police:			
Personnel services	64,608	63,706	(902)
Other	7,539	8,186	647
	<u>72,147</u>	<u>71,892</u>	<u>(255)</u>
Fire:			
Personnel services	40,257	39,101	(1,156)
Other	4,287	4,969	682
	<u>44,544</u>	<u>44,070</u>	<u>(474)</u>
Planning, Engineering, & Permitting:			
Personnel services	13,318	12,447	(871)
Other	860	1,067	207
	<u>14,178</u>	<u>13,514</u>	<u>(664)</u>
Traffic Engineering:			
Personnel services	4,609	4,152	(457)
Other	3,703	4,274	571
	<u>8,312</u>	<u>8,426</u>	<u>114</u>
Municipal Court:			
Personnel services	3,174	3,076	(98)
Other	594	645	51
	<u>3,768</u>	<u>3,721</u>	<u>(47)</u>
Parole Office:			
Personnel services	673	672	(1)
Other	11	6	(5)
	<u>684</u>	<u>678</u>	<u>(6)</u>
Nondepartmental:			
TASC	44	44	0
Police Pension and Relief	58	43	(15)
Limited Police Retirement and Relief	65	48	(17)
Limited Fire Retirement and Relief	55	35	(20)
Police Community Relations	4	4	0
City Action Partnership	17	17	0
Jefferson County Civil Defense	231	211	(20)
Supplemental retirees	435	392	(43)
	<u>909</u>	<u>794</u>	<u>(115)</u>
Total public safety	<u>144,542</u>	<u>143,095</u>	<u>(1,447)</u>

City of Birmingham  
 General Fund  
 Schedule of Revenues, Expenditures, and Encumbrances  
 Budget and Actual  
 for the year ended June 30, 2005  
 (in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Environment and streets:			
Public works:			
Personnel services	44,149	42,595	(1,554)
Other	4,606	6,790	2,184
	<u>48,755</u>	<u>49,385</u>	<u>630</u>
Parking Authority:			
Personnel services	3,107	3,815	708
Other	677	1,205	528
	<u>3,784</u>	<u>5,020</u>	<u>1,236</u>
Nondepartmental:			
Birmingham Cable Television	1	0	(1)
DART	84	84	0
Debt service	8,929	9,403	474
Birmingham Transit Authority	5,310	5,880	570
	<u>14,324</u>	<u>15,367</u>	<u>1,043</u>
Total environment and streets	<u>66,863</u>	<u>69,772</u>	<u>2,909</u>
Cultural and recreational:			
Park and recreation:			
Personnel services	6,547	5,938	(609)
Other	2,074	2,775	701
	<u>8,621</u>	<u>8,713</u>	<u>92</u>
Library:			
Personnel services	11,052	10,319	(733)
Other	3,129	3,419	290
	<u>14,181</u>	<u>13,738</u>	<u>(443)</u>
Southern Museum of Flight:			
Personnel services	290	285	(5)
Other	140	184	44
	<u>430</u>	<u>469</u>	<u>39</u>
Museum:			
Personnel services	1,513	1,518	5
Other	1,331	1,552	221
	<u>2,844</u>	<u>3,070</u>	<u>226</u>
Auditorium:			
Personnel services	862	726	(136)
Other	225	263	38
	<u>1,087</u>	<u>989</u>	<u>(98)</u>
Arlington:			
Personnel services	365	301	(64)
Other	170	187	17
	<u>535</u>	<u>488</u>	<u>(47)</u>
Sloss Furnace:			
Personnel services	601	629	28
Other	199	168	(31)
	<u>800</u>	<u>797</u>	<u>(3)</u>

City of Birmingham  
 General Fund  
 Schedule of Revenues, Expenditures, and Encumbrances  
 Budget and Actual  
 for the year ended June 30, 2005  
 (in thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Cultural and recreational expenditures, continued:			
Nondepartmental:			
Birmingham Arts Commission	67	67	0
Birmingham Historical Society	18	18	0
Jefferson-Blount-St. Clair Mental Health	123	123	0
Board of Education-Community Schools	200	200	0
Ruffner Mountain Agency	71	71	0
Board of Education	100	100	0
Board of Education-Crossing Guards	92	92	0
Board of Education-Adult Learning Center	259	259	0
Board of Education-Recreation Support Program	33	33	0
Board of Education-Reading Initiative	250	250	0
Board of Education-Family Education	27	27	0
Board of Education-Coaches and Band Directors	270	270	0
Board of Education-Camp Birmingham	85	85	0
High school football championships	14	14	0
Alabama Sports Festival	18	18	0
Southwestern Athletic Conference	541	541	0
Oak Hill Memorial Cemetery	126	126	0
Kids One Transport	35	35	0
YMCA	49	49	0
Alabama Symphony matching funds	63	63	0
City Stages	75	75	0
Alabama Sports Foundation	51	51	0
Board of Education Professional Development	113	113	0
Board of Education Student Safety Program	180	180	0
Operation New Birmingham	350	350	0
JCCEO	99	99	0
Magic City Classic	12	12	0
Literacy Council	18	18	0
Birmingham Public Schools B.A.C.C. Arts	90	90	0
Camp Anytown	17	17	0
Space One Eleven	17	17	0
Jefferson County Historical Development Board	7	7	0
Birmingham Youth Program	140	140	0
Veterans Day	4	4	0
Discovery 2000	597	597	0
Youth Services	420	420	0
Housing Authority Community Centers	400	400	0
High school basketball	14	14	0
UAB football	225	225	0
Birmingham urban youth soccer	35	35	0
Rickwood Field	67	67	0
Birmingham Civil Rights Institute	700	700	0

City of Birmingham  
 General Fund  
 Schedule of Revenues, Expenditures, and Encumbrances  
 Budget and Actual  
 for the year ended June 30, 2005  
 (in thousands)

	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Cultural and recreational expenditures-nondepartmental,continued:			
Sister City Program	21	21	0
Alabama Sports Hall of Fame	25	25	0
Alabama State Fair Authority	601	620	19
Smithfield-Bruno Center	14	7	(7)
Festival of Arts	21	21	0
Alabama Symphony	117	117	0
Police Athletic Team	89	89	0
Jazz Hall of Fame	193	193	0
PING athletic activities	29	29	0
Function at the Junction	27	27	0
Boy Scouts Leadership Camp	17	17	0
	<u>7,226</u>	<u>7,238</u>	<u>12</u>
Total cultural and recreational	<u>35,724</u>	<u>35,502</u>	<u>(222)</u>
General government:			
Finance:			
Personnel services	6,829	6,362	(467)
Other	1,268	1,313	45
	<u>8,097</u>	<u>7,675</u>	<u>(422)</u>
Equipment Management:			
Personnel services	4,712	4,643	(69)
Other	215	305	90
	<u>4,927</u>	<u>4,948</u>	<u>21</u>
Information Management Services:			
Personnel services	4,142	3,725	(417)
Other	1,421	1,376	(45)
	<u>5,563</u>	<u>5,101</u>	<u>(462)</u>
City Clerk:			
Personnel services	418	414	(4)
Other	235	225	(10)
	<u>653</u>	<u>639</u>	<u>(14)</u>
Community Development:			
Personnel services	691	645	(46)
Other	127	127	0
	<u>818</u>	<u>772</u>	<u>(46)</u>
Council:			
Personnel services	1,663	1,543	(120)
Other	562	472	(90)
	<u>2,225</u>	<u>2,015</u>	<u>(210)</u>
Legal:			
Personnel services	2,816	2,589	(227)
Other	1,135	1,113	(22)
	<u>3,951</u>	<u>3,702</u>	<u>(249)</u>

City of Birmingham  
 General Fund  
 Schedule of Revenues, Expenditures, and Encumbrances  
 Budget and Actual  
 for the year ended June 30, 2005  
 (in thousands)

General government expenditures, continued:	<b>Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
Mayor's Office:			
Personnel services	3,172	2,812	(360)
Other	524	553	29
	<u>3,696</u>	<u>3,365</u>	<u>(331)</u>
Personnel Office:			
Personnel services	1,130	986	(144)
Other	560	554	(6)
	<u>1,690</u>	<u>1,540</u>	<u>(150)</u>
Nondepartmental:			
Unemployment compensation	110	179	69
Pensioners health insurance	330	334	4
Employee auto insurance	6	2	(4)
Telephone	390	717	327
Telecommunications	93	64	(29)
Board of Equalization	62	72	10
Bank custodial service	120	209	89
Communication airtime	370	370	0
Property reappraisal	461	806	345
Insurance-property	10	11	1
Employee parking	420	505	85
Birmingham Regional Planning Commission	106	106	0
Jefferson County Personnel Board	3,000	3,000	0
Jefferson County Board of Health	1,534	1,534	0
Jefferson County Board of Health-DOPEPP	35	35	0
Jefferson County Soil and Water Conservation	7	7	0
Childcare Resources Inc.	20	20	0
Birmingham Construction Industry Authority	105	105	0
Alabama Conservancy	11	11	0
Birmingham Housing Authority	40	40	0
Birmingham Urban League	66	66	0
Crisis Center	6	6	0
Prescott House	10	10	0
RESPECT	7	7	0
Impact Program	24	24	0
Ministerial Brotherhood	18	18	0
Cerebral Palsy	15	15	0
Alcohol and substance abuse	15	15	0
Municipal expansion	5	3	(2)
Professional services	2	8	6
National League of Cities	11	11	0
Public technology	12	0	(12)
U.S. Conference of Mayors	11	11	0
Alabama League of Municipalities	18	18	0
ARC of Jefferson County	18	18	0
Alcoholism Recovery Service	10	10	0
Summer Youth Jobs	70	70	0
JCCEO-PING	61	61	0
Urban Impact	49	49	0
Birmingham Aids Outreach	30	30	0
Positive Maturity	11	11	0

## Nonmajor Governmental Funds

### Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

### Debt Service Funds

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

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

### Capital Projects Funds

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

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

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

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

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

## Capital Projects Funds

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

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

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

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

**1994 General Obligation Warrant Fund**

**1997 General Obligation Warrant Fund**

**1998-A General Obligation Warrant Fund**

**1998-B General Obligation Warrant Fund**

**2004-A General Obligation Warrant Fund**

**Tax Increment Financing Warrants Fund**

City of Birmingham, Alabama  
Combining Balance Sheets  
Nonmajor Governmental Funds  
June 30, 2005  
(in thousands)  
(Page 2 of 2)

	<i>Capital Projects Funds</i>														<i>Total Capital Projects Funds</i>	Total Nonmajor Funds	
	Special Assessments	General Obligation Bond Issues	Capital Improvement	Fuel Tax	Highway Improvement	Industrial Park Improvement	Capital Improvement Gen. Obl. Warrants	Street Improvement Warrants	1994 General Obligation Warrants	1997 General Obligation Warrants	1998-A General Obligation Warrants	1998-B General Obligation Warrants	2004-A General Obligation Warrants	Tax Increment Financing Warrants			
<b>ASSETS</b>																	
Cash and investments		\$44,013		\$2,730	\$1,645	\$305	\$5,149	\$1,970	\$1,496	\$132	\$1,686	\$4,135		\$2,101	\$65,362	\$90,288	
Cash with escrow agent													3,979		3,979	5,784	
Receivables:																	
Accrued interest receivable	3	108		10	19	8	201	15	4	1	5	22		106	502	560	
Accounts																10	
Lease obligations																139	
Loans																8,166	
Assessments	8,091														8,091	8,091	
Collateral deposited for surety																53	
Due from other funds	658		32,414												33,072	33,161	
<b>TOTAL ASSETS</b>	<b>\$8,752</b>	<b>\$44,121</b>	<b>\$32,414</b>	<b>\$2,740</b>	<b>\$1,664</b>	<b>\$313</b>	<b>\$5,350</b>	<b>\$1,985</b>	<b>\$1,500</b>	<b>\$133</b>	<b>\$1,691</b>	<b>\$4,157</b>	<b>\$3,979</b>	<b>\$2,207</b>	<b>\$111,006</b>	<b>\$146,252</b>	
<b>LIABILITIES AND FUND BALANCE</b>																	
<b>LIABILITIES</b>																	
Accounts payable	658	\$33			2										\$693	\$895	
Contracts payable	120	1,474	295	449	20		14				16	164		33	2,585	3,249	
Contracts payable-retainage		216	52	219	33		20		40		1	6		11	598	637	
Accrued payroll and taxes payable																74	
Due to other funds																91	
Deferred revenue	7,897														7,897	23,510	
Other liabilities																55	
<b>TOTAL LIABILITIES</b>	<b>8,675</b>	<b>1,723</b>	<b>347</b>	<b>668</b>	<b>55</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>17</b>	<b>170</b>	<b>0</b>	<b>44</b>	<b>11,773</b>	<b>28,511</b>	
<b>FUND BALANCES</b>																	
Reserved for encumbrances	808	21,908	2,352	443	758	4	862	66	778	10	687	594		820	\$30,090	\$33,395	
Reserved for future projects		20,490	29,715	1,629	851	309	4,454	1,919	682	123	987	3,393	3,979	1,343	69,874	85,851	
Reserved for debt service																1,889	
Unreserved and undesignated (deficit)	(731)														(731)	(3,394)	
<b>TOTAL FUND BALANCES</b>	<b>77</b>	<b>42,398</b>	<b>32,067</b>	<b>2,072</b>	<b>1,609</b>	<b>313</b>	<b>5,316</b>	<b>1,985</b>	<b>1,460</b>	<b>133</b>	<b>1,674</b>	<b>3,987</b>	<b>3,979</b>	<b>2,163</b>	<b>99,233</b>	<b>117,741</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$8,752</b>	<b>\$44,121</b>	<b>\$32,414</b>	<b>\$2,740</b>	<b>\$1,664</b>	<b>\$313</b>	<b>\$5,350</b>	<b>\$1,985</b>	<b>\$1,500</b>	<b>\$133</b>	<b>\$1,691</b>	<b>\$4,157</b>	<b>\$3,979</b>	<b>\$2,207</b>	<b>\$111,006</b>	<b>\$146,252</b>	

City of Birmingham  
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2005  
(in thousands)  
(Page 2 of 2)

	<i>Capital Projects Funds</i>													<i>Total Capital Projects Funds</i>	
	<i>Special Assessments</i>	<i>General Obligation Bond Issues</i>	<i>Capital Improvement</i>	<i>Fuel Tax</i>	<i>Highway Improvement</i>	<i>Industrial Park Improvement</i>	<i>Capital Improvement Gen.Obligation Warrants</i>	<i>Street Improvement Warrants</i>	<i>1994 General Obligation Warrants</i>	<i>1997 General Obligation Warrants</i>	<i>1998-A General Obligation Warrants</i>	<i>1998-B General Obligation Warrants</i>	<i>2004-A General Obligation Warrants</i>		<i>Tax Increment Financing Warrants</i>
REVENUES															
Taxes															
Intergovernmental				1,554	3,525										5,079
Investment income		926		57	16	9	102	34	34	2	39	78	81	66	1,444
Other	226					5									231
<b>TOTAL REVENUES</b>	<b>226</b>	<b>926</b>		<b>1,611</b>	<b>3,541</b>	<b>14</b>	<b>102</b>	<b>34</b>	<b>34</b>	<b>2</b>	<b>39</b>	<b>78</b>	<b>81</b>	<b>66</b>	<b>6,754</b>
EXPENDITURES															
Current:															
Streets and sanitation					3,667			66	881					3,931	8,545
Cultural and recreation															
General government															
<b>Total current operations</b>					<b>3,667</b>			<b>66</b>	<b>881</b>					<b>3,931</b>	<b>8,545</b>
Debt service, interest															0
Capital outlays	970	15,180	6,172	2,408		572	710				882	866	3,195		30,955
Warrant issue costs			217												217
<b>TOTAL EXPENDITURES</b>	<b>970</b>	<b>15,180</b>	<b>6,389</b>	<b>2,408</b>	<b>3,667</b>	<b>572</b>	<b>710</b>	<b>66</b>	<b>881</b>		<b>882</b>	<b>866</b>	<b>3,195</b>	<b>3,931</b>	<b>39,717</b>
Excess (deficiency) of revenues over (under) expenditures	(744)	(14,254)	(6,389)	(797)	(126)	(558)	(608)	(32)	(847)	2	(843)	(788)	(3,114)	(3,865)	(32,963)
Other financing sources (uses):						76									76
Proceeds from sale of warrants			8,985												8,985
Proceeds from sale of property			431												431
			(35)												(35)
			(8,733)												(8,733)
Operating transfers in	658		25,033												25,691
Operating transfers out			(187)												(187)
<b>Total other financing sources (uses)</b>	<b>658</b>		<b>25,494</b>			<b>76</b>									<b>26,228</b>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(86)	(14,254)	19,105	(797)	(126)	(482)	(608)	(32)	(847)	2	(843)	(788)	(3,114)	(3,865)	(6,735)
Fund balances, beginning of year	163	56,652	12,962	2,869	1,735	795	5,924	2,017	2,307	131	2,517	4,775	7,093	6,028	105,968
<b>Fund balances, end of year</b>	<b>\$77</b>	<b>\$42,398</b>	<b>\$32,067</b>	<b>\$2,072</b>	<b>\$1,609</b>	<b>\$313</b>	<b>\$5,316</b>	<b>\$1,985</b>	<b>\$1,460</b>	<b>\$133</b>	<b>\$1,674</b>	<b>\$3,987</b>	<b>\$3,979</b>	<b>\$2,163</b>	<b>\$99,233</b>

## **OTHER SUPPLEMENTARY INFORMATION**

**City of Birmingham, Alabama  
Statistical Information**

Table 1

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

Fiscal Year	Program Revenues		General Revenues				Totals
	Charges for Services	Operating Grants and Contributions	Taxes	Unrestricted Grants and Contributions	Unrestricted Investment Earnings	Miscellaneous	
2002	\$72,407	\$20,684	\$208,943	\$18,101	\$17,647	\$25,817	\$363,599
2003	72,170	13,385	208,814	18,249	18,023	18,005	348,646
2004	74,145	18,051	214,741	18,434	9,304	6,725	341,400
2005	76,482	13,797	227,235	21,618	12,562	7,682	359,376

Table 2

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

Fiscal Year	General Government	Public Safety	Streets & Sanitation	Culture & Recreation	Interest on Long-Term Debt	Totals
2002	\$73,183	\$175,491	\$70,472	\$40,012	\$10,633	\$369,791
2003	91,770	140,226	93,381	41,657	15,115	382,149
2004	84,411	138,260	97,819	39,359	15,085	374,934
2005	94,662	160,097	80,229	39,047	13,000	387,035

**City of Birmingham, Alabama  
Statistical Information**

Table 3

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

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses &amp; Permits</b>	<b>Intergovernmental Revenue</b>	<b>Charges for Services</b>	<b>Fines &amp; Forfeitures</b>	<b>Other</b>	<b>Bond &amp; Warrant Proceeds</b>	<b>Totals</b>
1996	161,284	40,977	31,483	14,812	4,603	30,775	30,835	314,769
1997	168,730	43,176	32,191	16,106	5,200	26,967		292,370
1998	176,446	46,857	38,737	17,420	5,521	34,218	98,619	417,818
1999	188,720	48,649	39,134	15,717	5,383	15,031	39,944	352,578
2000	196,662	49,104	30,055	14,695	5,030	36,494	56,884	388,924
2001	207,157	50,430	28,772	16,627	5,424	38,925	77,110	424,445
2002	208,943	51,743	38,785	15,806	4,858	34,290		354,425
2003	208,814	50,758	31,568	16,300	5,112	242,235	135,735	690,522
2004	214,741	52,776	30,428	16,776	4,593	17,085	23,490	359,889
2005	227,235	55,622	33,699	16,119	4,741	20,742	8,985	367,143

Table 4

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

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Streets &amp; Sanitation</b>	<b>Culture &amp; Recreation</b>	<b>Debt Service</b>	<b>Capital Outlay</b>	<b>Totals</b>
1996	49,181	103,093	57,680	34,932	180,840	27,315	453,041
1997	48,468	108,725	56,311	35,722	31,508	28,284	309,018
1998	64,003	111,015	57,088	35,347	72,989	32,456	372,898
1999	58,308	110,687	65,065	37,566	26,989	32,271	330,886
2000	56,388	115,329	68,294	34,252	36,331	64,523	375,117
2001	54,084	120,362	68,915	39,833	26,367	86,794	396,355
2002	75,303	131,523	68,485	38,741	27,297	47,827	389,176
2003	89,071	136,268	71,283	40,429	41,569	32,404	411,024
2004	81,859	137,803	71,401	38,138	28,146	53,474	410,821
2005	91,708	140,215	77,573	37,854	37,854	31,079	416,283

**City of Birmingham, Alabama  
Statistical Information**

Table 6

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

Assessment Date October 1,	Real Property *		Personal Property *		Automobile **		Total Assessed Value	Total Estimated True Value	Ratio of Assessed Value to Estimated True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value			
1995	1,181,047	6,906,288	300,900	1,504,300	123,418	822,784	1,605,365	9,233,372	17.39%
1996	1,183,673	6,928,706	343,817	1,718,883	130,517	870,111	1,658,007	9,517,700	17.42%
1997	1,201,575	7,006,392	386,870	1,934,235	143,375	955,835	1,731,820	9,896,462	17.50%
1998	1,245,579	7,221,650	465,625	2,327,559	128,843	858,953	1,840,047	10,408,162	17.68%
1999	1,483,666	8,269,172	634,398	3,171,990	175,248	1,168,318	2,293,312	12,609,480	18.19%
2000	1,492,553	8,766,013	442,548	2,212,740	215,371	1,435,807	2,150,472	12,414,560	17.32%
2001	1,481,383	8,738,667	459,883	2,299,375	256,170	1,708,655	2,197,436	12,746,697	17.24%
2002	1,527,622	8,988,867	491,702	2,458,367	252,544	1,683,624	2,271,868	13,130,858	17.30%
2003	1,674,340	10,542,808	496,546	2,482,650	251,126	1,674,170	2,422,012	14,699,628	16.48%
2004	1,776,272	11,123,810	489,175	2,445,835	250,363	1,669,088	2,515,810	15,238,733	16.51%

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

\* Source: Tax Assessors for Jefferson and Shelby Counties

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

Property is assessed on the following basis:

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

**City of Birmingham  
Statistical Information**

Table 7

**Schedule of Direct and Overlapping Debt**

	<u>Bonded Debt Outstanding</u>	<u>% of Debt Applicable to City of Birmingham</u>	<u>City of Birmingham Debt Burden</u>
<b><u>Direct Debt</u></b>			
City of Birmingham:			
Gross bonded debt and warrants	\$543,705,000		
Less debt service funds net assets	<u>(51,208,000)</u>		
Direct Debt	492,497,000	100.00%	\$492,497,000
<b><u>Overlapping Debt</u></b>			
Jefferson County, Alabama overlapping debt <sup>1</sup>	330,825,000		
Jefferson County Board of Education <sup>2</sup>	<u>157,007,440</u>		
Total bonds and warrants outstanding	487,832,440	36.40%	177,571,008
Shelby County, Alabama Board of Education <sup>3</sup>	129,813,760	1.50%	<u>1,947,206</u>
Total Direct and Overlapping Debt			<u><u>\$672,015,215</u></u>

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

The figures for Jefferson County, the Jefferson County Board of Education, and the Shelby County Board of Education are for their fiscal years ended September 30, 2003.

<sup>1</sup> All of the gross debt of Jefferson County is payable from one of several specially pledged revenues, each of which produces a substantial margin of revenue above the necessary debt service requirements.  
Source: Jefferson County Director of Finance

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

<sup>3</sup> All of the gross debt of Shelby County is payable from one of several specially pledged revenues, each of which produces a substantial margin of revenue above the necessary debt service requirements.  
Source: Shelby County Director of Finance Education

**City of Birmingham  
Statistical Information**

**Table 7B**

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

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

**City of Birmingham  
Statistical Information**

Table 8

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

Fiscal Year	Population		Assessed Value *	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt per Capita
	Census Year	Number						
1996	1990	265,968	1,594,827,647	444,461,000	121,497,000	322,964,000	20.25%	\$1,214
1997	1990	265,968	1,643,331,173	441,330,000	115,677,000	325,653,000	19.82%	\$1,224
1998	1990	265,968	1,715,561,180	427,255,000	66,217,000	361,038,000	21.04%	\$1,357
1999	1990	265,968	1,840,047,341	449,855,000	63,970,000	385,885,000	20.97%	\$1,451
2000	1990	265,968	2,293,311,948	485,510,000	60,754,000	424,756,000	18.52%	\$1,597
2001	2000	242,820	2,150,472,432	539,555,000	58,724,000	480,831,000	22.36%	\$1,980
2002	2000	242,820	2,197,436,352	521,970,000	60,704,000	461,266,000	20.99%	\$1,900
2003	2000	242,820	2,271,867,532	563,060,000	59,400,000	503,660,000	22.17%	\$2,074
2004	2000	242,820	2,422,011,707	570,350,000	58,850,000	511,500,000	21.12%	\$2,106
2005	2000	242,820	2,515,810,000	543,705,000	51,208,000	492,497,000	19.58%	\$2,028

\* Source: Jefferson County Tax Assessor

**City of Birmingham  
Statistical Information**

Table 9

**Computation of Legal Debt Margin**

Assessed value of real and personal property <sup>1</sup>		<u><u>\$2,515,810,000</u></u>
Debt limit, 20% of assessed property value (see note below)		503,162,000
Outstanding general obligation bonds and warrants	543,705,000	
Less exemptions:		
Schools and sewer bonds	(189,122,423)	
Debt service fund balances	<u>(51,208,000)</u>	
Net outstanding general obligation bonds and warrants		<u>303,374,577</u>
Legal debt margin		<u><u>\$199,787,423</u></u>

<sup>1</sup> Source: Jefferson County Tax Assessor and Department of Revenue

Note: Section 225, as amended, of the Constitution of the State of Alabama, limits debt of the City of Birmingham to 20% of the assessed value of taxable property. Excluded from this limitation are bonds issued for schools and sewers.

**City of Birmingham  
Statistical Information**

Table 10

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

<u>Fiscal Year</u>	<u>Total Debt Service <sup>1</sup></u>	<u>Total General Expenditures</u>	<u>Debt Service As a % of Expenditures</u>
1996	38,235,000	256,975,000	14.9%
1997	38,428,000	260,146,000	14.8%
1998	39,248,000	279,602,000	14.0%
1999	38,326,114	255,876,000	15.0%
2000	36,450,979	265,056,000	13.8%
2001	47,104,800	278,753,000	16.9%
2002	27,426,029	306,831,000	8.9%
2003	41,569,000	337,051,000	12.3%
2004	28,146,000	329,201,000	8.5%
2005	37,854,000	347,350,000	10.9%

**City of Birmingham  
Statistical Information**

Table 11

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

<u>Year</u>	<u>Population</u>	<u>Retail Sales Volume *</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Average Unemployment Rate</u>
1994	265,968	7,741,332	32.8	38,002	4.3%
1995	265,968	8,162,072	32.8	38,458	4.6%
1996	265,968	8,382,105	32.8	40,249	3.2%
1997	265,968	8,629,972	32.8	39,786	3.4%
1998	265,968	8,880,994	32.8	38,877	2.8%
1999	265,968	8,917,407	32.8	38,216	3.1%
2000	242,820	9,008,044	36.0	38,094	3.2%
2001	242,820	9,297,467	36.0	37,490	3.8%
2002	242,820	unavailable	36.0	36,413	4.6%
2003	242,820	unavailable	36.0	34,248	5.1%
2004	242,820	13,579,656	36.0	34,248	4.9%

\* Metropolitan Statistical Area

Source: Alabama State Data Center

Table 12

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

<u>Year</u>	<u>Property Value *</u>		<u>Building Permits- Private Construction</u>	<u>Bank Deposits</u>
	<u>Commercial</u>	<u>Residential</u>		
1995	5,611,972	2,798,617	246,836	5,894,343
1996	5,836,403	2,811,186	931,993	6,163,398
1997	6,140,915	2,799,711	837,577	6,628,465
1998	6,731,983	2,817,226	929,912	11,286,678
1999	8,046,058	3,377,260	526,050	12,961,834
2000	7,542,161	3,408,356	279,890	11,636,796
2001	5,311,187	3,423,712	382,596	11,771,783
2002	5,574,639	3,412,432	354,760	14,319,943
2003	4,789,788	3,413,319	600,681	14,259,682
2004	5,830,300	4,375,960	407,316	14,784,682

\* Jefferson and Shelby Counties Tax Assessors

**City of Birmingham  
Statistical Information**

Table 13

**Principal Taxpayers  
June 30, 2004**

<u>Assessed Entity</u>	<u>Total Assessed Value of Property Within City Limits</u>	<u>2005 City Ad Valorem Taxes Paid</u>	<u>% of Total Property Taxes Collected</u>
Alabama Power Company	\$111,623,680	\$3,181,275	6.35%
Bellsouth Telecommunications	56,948,760	1,623,040	3.23%
Healthsouth Corporation	54,098,675	1,193,784	2.38%
American Cast Iron & Pipe Company	30,910,439	715,359	1.42%
Murray-Ash Plaza, Inc.	18,916,420	539,118	1.07%
Chase Bank of Texas NA	17,883,260	509,673	1.01%
Alabama Gas Corporation	17,195,120	490,061	0.97%
Tish Robert Preston	16,729,760	476,798	0.95%
A T & T Communications	16,039,640	457,130	0.91%
AP-Knight LP	10,739,780	306,084	0.61%
	<u>\$351,085,534</u>	<u>\$9,492,322</u>	<u>18.90%</u>

Source: Jefferson and Shelby Counties Tax Collectors

Table 14

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

<u>Fiscal Year</u>	<u>Annual Billings</u>	<u>Annual Collections</u>
1996	1,106,177	1,238,041
1997	837,669	964,846
1998	1,663,492	942,961
1999	1,158,547	1,238,721
2000	688,549	974,742
2001	288,950	273,517
2002	662,490	244,132
2003	639,093	202,120
2004	623,063	146,781
2005	881,771	197,070

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

# City of Birmingham Statistical Information

Table 15

## Miscellaneous Statistical Data

<b>Date of incorporation:</b>	December 19, 1871	<b>Libraries:</b>	
		Central	1
<b>Form of government:</b>	Mayor-Council	Branches	19
<b>Area:</b>	151 square miles		
<b>Miles of streets:</b>		<b>Recreation:</b>	
Paved	1,707	Number of parks	127
		Acres of parks	3,203
		Golf courses	2
<b>Miles of sewer:</b>		Tennis courts	129
Sanitary	1,296	Recreation centers	16
Storm	480		
<b>City employees:</b>		<b>Public safety:</b>	
Libraries	285	Number of fire stations	31
Police Department	1,106	Number of police precincts	4
Fire Department	668		
Public Works	1,005		
Park & Recreation Department	248		
Other departments	942		
	4,254	<b>Population:</b>	
<b>Schools:</b>		1910 federal census	132,685
Alternative	1	1920 federal census	178,270
Elementary	33	1930 federal census	258,678
Middle	22	1940 federal census	267,583
High	10	1950 federal census	326,037
	66	1960 federal census	340,887
<b>Number of high school graduates</b>	<b>1,547</b>	1970 federal census	300,910
		1980 federal census	284,413
		1990 federal census	265,968
		2000 federal census	242,820

**City of Birmingham  
Statistical Information**

Table 16

**Salaries and Surety Bonds of Principal Officials  
June 30, 2005**

Title	Minimum	Maximum
Mayor	68,000	68,000
Councilor (Note)	15,000	15,000
City Attorney	136,261	136,261
City Clerk	83,886	83,886
Director of Community Development	109,242	109,242
Director of Information Management Services	130,042	130,042
Director of Finance	133,952	133,952
Director of Parole	46,779	72,384
Director of Personnel	110,260	110,260
Director of Planning, Engineering, & Permits	126,922	126,922
Director of Public Works	119,642	119,642
Director of Equipment Management	65,770	101,941
Fire Chief	112,091	112,091
Director of Parks & Recreation	72,384	112,466
Police Chief	123,219	123,219
Recorder's Court Presiding Judge	121,971	121,971
Traffic Engineer	112,466	112,466

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

The Director of Finance is bonded as follows:

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

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