

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**OF THE**

**CITY OF BIRMINGHAM, ALABAMA**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2009**

**OFFICE OF THE DIRECTOR OF FINANCE**  
**Henry Young, III**  
**Acting Director of Finance**

**City of Birmingham, Alabama  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2009**

**TABLE OF CONTENTS**

**STATISTICAL SECTION**

**Financial Trends**

Net Assets by Components for Last Eight Fiscal Years	86
Changes in Net Assets for Last Eight Fiscal Years	87
Fund Balances for Last Eight Fiscal Years	88
Changes in Fund Balances for Last Eight Fiscal Years	89

**Revenue Capacity**

Sales and Use Tax Revenues	90
Sales and Use Tax Revenues to Total Taxes	91

**Debt Capacity**

Ratios of Outstanding Debt by Type for Last Eight Fiscal Years	92
Ratios of General Bonded Debt Outstanding for Last Eight Fiscal Years	93
Assessed Value and Estimated True Value of All Taxable Property	94
Direct and Overlapping Debt for Last Eight Fiscal Years	95
Property Taxes-Direct and Overlapping Governments	96
Legal Debt Calculation for Last Eight Fiscal Years	97
Property Taxes Levied and Collected	98
Principal Property Taxpayers	99

**Demographic and Economic Information**

Demographic and Economic Statistics for Last Eight Fiscal Years	100
Principal Employers, Current Fiscal Year and Prior Nine Years Ago	101

**Operating Information**

Full-time Equivalent City Government Employees by Function/Program	102
Capital Asset Statistics by Function/Program	103

# INTRODUCTORY SECTION

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



**OFFICIALS OF THE CITY OF BIRMINGHAM  
JUNE 30, 2009**

**INTERIM MAYOR**

**Roderick V. Royal**

**CITY COUNCIL**

**Steven W. Hoyt, President Pro-Tem**

*District 8*

<b>Lashunda Scales</b>	<i>District 1</i>	<b>Johnathan Austin</b>	<i>District 5</i>
<b>Kim Rafferty</b>	<i>District 2</i>	<b>Carole C. Smitherman.</b>	<i>District 6</i>
<b>Valerie A. Abbott</b>	<i>District 3</i>	<b>James Roberson, Jr.</b>	<i>District 7</i>
<b>Maxine H. Parker</b>	<i>District 4</i>	<b>Roderick V. Royal</b>	<i>District 9</i>

**DEPARTMENT HEADS**

<b>Arlington</b>	<b>Daniel Brooks, Director</b>
<b>Auditorium</b>	<b>Kevin Arrington, Director</b>
<b>City Clerk</b>	<b>Paula Smith, City Clerk</b>
<b>City Council</b>	<b>Cheryl Kidd Harmon, Administrator</b>
<b>Community Development</b>	<b>James Fenstermaker, Director</b>
<b>Equipment Management</b>	<b>George R. Rainey, Director</b>
<b>Finance</b>	<b>Henry Young III, Acting Director</b>
<b>Fire</b>	<b>Ivor Brooks, Chief</b>
<b>Law</b>	<b>Thomas Bentley, Acting City Attorney</b>
<b>Library</b>	<b>Irene Blaylock, Director</b>
<b>Municipal Court</b>	<b>Raymond Chambliss, Presiding Judge</b>
<b>Museum of Art</b>	<b>Gail Trechsel, Director</b>
<b>Office of Information Management Systems</b>	<b>Bobby Dorr, Director</b>
<b>Parole</b>	<b>Stanley Hamby, Director</b>
<b>Park and Recreation</b>	<b>Melvin Miller, Director</b>
<b>Personnel</b>	<b>Barbara White, Director</b>
<b>Planning, Engineering, and Permits</b>	<b>Andre Bittas, Director</b>
<b>Police</b>	<b>A. C. Roper, Chief</b>
<b>Public Safety</b>	<b>Rickey Kennedy, Director</b>
<b>Sloss Furnaces</b>	<b>Robert Rathburn, Director</b>
<b>Southern Museum of Flight</b>	<b>Jim Griffin, Director</b>
<b>Traffic Engineering</b>	<b>Greg Dawkins, Engineer</b>



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December 30, 2009

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

The City of Birmingham's Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2009, is hereby submitted. This report represents the official comprehensive publication of the City's financial position at June 30, 2009. Responsibility for the accuracy, completeness, and fairness of the data, including all disclosures, rests with management of the City of Birmingham. The basis of reliance for the financial statements is a comprehensive framework of internal control; because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the statements are free of any material misstatements.

In compliance with the City's Mayor-Council Act, the submitted financial statements were subjected to an independent audit. Banks, Finley, White & Company, CPA's have issued an unqualified opinion on the City of Birmingham's financial statements for the year ended June 30, 2009. Their report is located at the front of the financial section of the CAFR.

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

control structure and compliance with applicable laws and regulations is included in a separate report and is available upon request.

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

## CITY PROFILE AND REPORTING ENTITY

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

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

## ECONOMIC CONDITIONS AND OUTLOOK

The City of Birmingham's local economy is driven by the service industry. The University of Alabama in Birmingham (UAB) and its medical centers remain the dominant factor in the City's economic picture. Additionally, the City has benefited from the redevelopment agreements it partnered in over the recent years. In fiscal year 2009, the City began an Economic Stimulus Loan Program to encourage small businesses to open new businesses and expand their existing ones. A total of approximately \$2.3 million was loaned to four businesses.

The City saw an economic downturn in the last fiscal year just as the nation has experienced; the revenue projections for the current fiscal year have been adjusted to reflect the lack of growth and the City is taking measures to cut their expenses in line with this.

## FUTURE INITIATIVES

The relocation and retention of Trinity Medical Center in the former HealthSouth Digital Hospital site and the partnership of the Daniel Corporation, is projected to add more than 5,000 jobs to the Birmingham workforce and spur significant economic

growth. Once completed, the new medical campus will feature a state-of-the-art medical facility, commercial office space and a variety of retail shopping and new restaurants.

In fiscal year 2009, the City broke ground on the new Fair Park, located on the grounds of the former Alabama State Fairgrounds. The \$55 million facility will include a multitude of athletic amenities for the City's youth including a natatorium and indoor track. Other plans for the site include an indoor golf-driving range and a variety of retail shopping and restaurants that promise to bring a dramatic change to the landscape of the most densely populated region in the entire state of Alabama.

Another project with deep roots and sacred memories to the community is the reconstruction of the Civil Rights and Heritage Trail. This project seeks to mark the trail traveled by the City's pioneers in the struggle for justice and equality. The trail will feature freestanding, iron-cast signs that denote the exact location where significant action took place during the city's turbulent 1960's.

Rated the State's number one tourist attraction by the Alabama Bureau of Tourism, the Birmingham Zoo already has a significant impact on the City of Birmingham. A proposed one-of-a-kind natural open-air habitat called the "Trails of Africa", will unfold on six acres of land already within the zoo's footprint. Once complete the Zoo will be primed to compete both regionally and nationally among some of the country's best zoos.

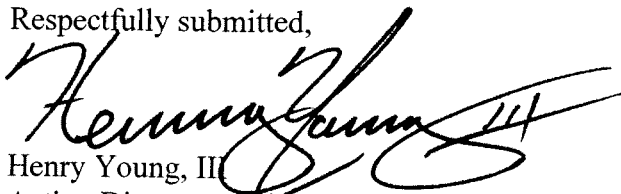
## ACHIEVEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2008. The Certificate of Achievement is a prestigious national award presented to state and local governments for publishing an easily readable and efficiently organized CAFR whose contents conform to program standards and complies with generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a period of one year. The City of Birmingham has received the award for the last 32 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

Additionally, the City of Birmingham's budget report for the fiscal year beginning July 1, 2008, was awarded the Government Finance Officer's Association Award for Distinguished Budget Presentation. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The City believes its current budget report also meets the above criteria, and we have submitted it to the GFOA for consideration.

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

Respectfully submitted,



Henry Young, II  
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, 2008

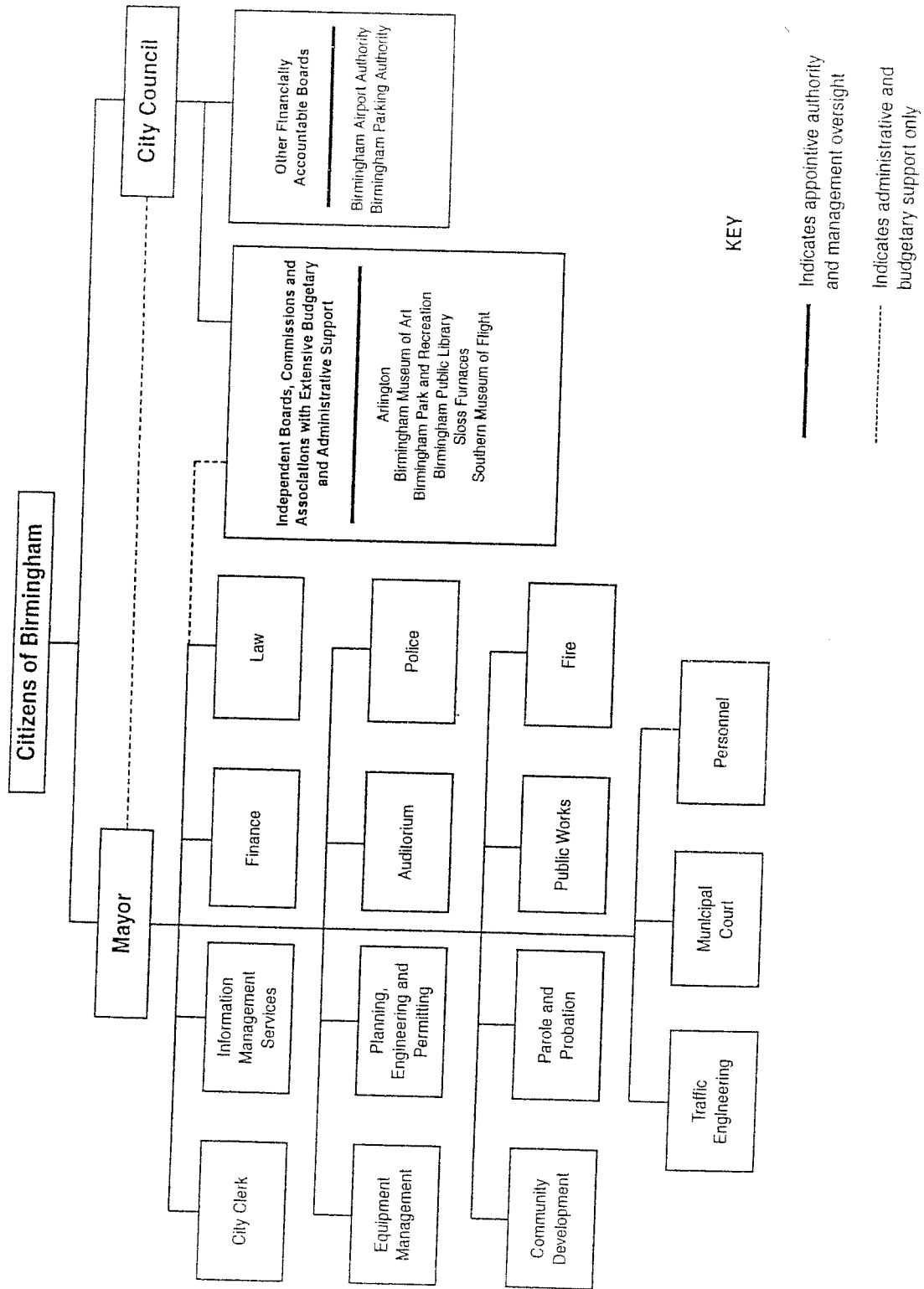
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

# City of Birmingham, Alabama Organization Chart



# FINANCIAL SECTION

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



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the respective budgetary comparison for the General Fund of the City of Birmingham, Alabama ("the City") as of and for the year ended June 30, 2009, 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, a component unit, which statements reflect total assets, net assets and revenues constituting 1.5%, 1.4% and 0.2%, respectively of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Birmingham Parking Authority, is based solely on the report of other auditors.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of the City, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



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

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In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 11 through 20, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 on the financial statements that collectively comprise the City's basic financial statements. The introductory section, budgetary comparison schedule, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedule and 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 and statistical sections 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.

December 28, 2009

*Banks, Fuley White & Co.*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This narrative overview and analysis of the financial activities of the City of Birmingham for the fiscal year ended June 30, 2009, is offered by management of the City to the readers of the financial report. Please read it in conjunction with the letter of transmittal presented on pages 2-5 and the financial statements beginning on page 7.

### Financial Highlights

- Total net assets for the City of Birmingham decreased by \$43 million during the past fiscal year.
- The assets of the City of Birmingham exceeded its liabilities at the close of June 30, 2009, by \$242 million.
- The City of Birmingham's governmental funds reported combined ending fund balances of \$365 million as of June 30, 2009, a decrease of \$69 million over the prior fiscal year.
- Unreserved, undesignated fund balance at June 30, 2009, for the City's general fund was \$95 million, 23% of total general fund expenditures.
- The City of Birmingham's total debt liability for outstanding bonds and warrants decreased by \$3 million during the fiscal year ended June 30, 2009.

### Overview of Financial Statements

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

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

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

The *statement of net assets* presented on pages 22 & 23 reports all of the City of Birmingham's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets could serve as a useful indicator whether the financial position of the City is improving or deteriorating.

The *statement of activities* presented on page 24 shows the changes in the City of Birmingham's net assets during the fiscal year ended June 30, 2009. This statement is prepared on the full accrual basis of accounting meaning that all changes to net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

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

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

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

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

In fiscal year 2009, the City of Birmingham reported as major funds the General Fund, the Birmingham Fund, the Debt Reserve and Debt Service Funds, and the Capital Improvement Fund. The other City funds are reported aggregately as non-major funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found beginning with pages 78 and 82 of this report.

The City of Birmingham adopts an annually appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 25-26 of this report.

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

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

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

Other required supplementary information is also presented in this report concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in the notes to the financial statements for the pension funds beginning on page 57 of this report.

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

## Table of Financial Statements

### Fund Financial Statements

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

## Government-Wide Condensed Financial Information

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

The City of Birmingham's restricted net assets of approximately \$265 million are subject to bond and warrant covenants and by federal and state grant requirements. Overall, the City's total net assets decreased by approximately \$43 million in fiscal year 2009. For additional details on the reconciliation between the two basis, see page 27 of this report.

There was a decrease in net assets of \$582,000 in the Emergency Management Communication District, the City's enterprise fund. This was due mainly to increased administrative costs.

The following table presents a condensed statement of the City's net assets at June 30, 2009 and 2008:

**Table 2**

**CONDENSED STATEMENT OF NET ASSETS**  
**June 30, 2009 and 2008**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Totals	
	<u>06/30/09</u>	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/08</u>
Current and other assets	\$517,969	577,935	(1,164)	(463)	516,805	577,472
Capital assets, net	<u>382,963</u>	<u>354,054</u>	<u>1,022</u>	<u>901</u>	<u>383,985</u>	<u>354,955</u>
Total assets	<u>900,932</u>	<u>931,989</u>	<u>(142)</u>	<u>438</u>	<u>900,790</u>	<u>932,427</u>
Current and other liabilities	73,481	61,875	3	1	73,484	61,876
Long-term liabilities	<u>585,710</u>	<u>596,838</u>			<u>585,710</u>	<u>596,838</u>
Total liabilities	<u>659,191</u>	<u>658,713</u>	<u>3</u>	<u>1</u>	<u>659,194</u>	<u>658,714</u>
Net assets:						
Invested in capital assets, net of related debt	65,727	74,322	1,022	901	66,749	75,223
Restricted	264,602	277,817			264,602	277,817
Unrestricted	<u>(88,588)</u>	<u>(78,663)</u>	<u>(1,167)</u>	<u>(464)</u>	<u>(89,755)</u>	<u>(79,327)</u>
Net assets	<u>\$241,741</u>	<u>273,276</u>	<u>(145)</u>	<u>437</u>	<u>241,596</u>	<u>273,713</u>

**CONDENSED STATEMENT OF CHANGES IN NET ASSETS**  
**For Years Ended June 30, 2009 and 2008**  
(in thousands)

**Changes in Net Assets**

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>6/30/09</u>	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/08</u>
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$116,419	108,527	3,447	3,308	119,866	111,835
Operating grants	15,094	19,830			15,094	19,830
General revenues:						
Sales and use tax	131,904	129,732			131,904	129,732
Occupational tax	76,325	76,918			76,325	76,918
Property tax	61,663	62,698			61,663	62,698
Unrestricted grants and contributions	26,060	19,975			26,060	19,975
Investment earnings	(4,201)	10,684	15	68	(4,186)	10,752
Other	<u>8,407</u>	<u>8,116</u>			<u>8,407</u>	<u>8,116</u>
 Total revenues	 <u>431,671</u>	 <u>436,480</u>	 <u>3,462</u>	 <u>3,376</u>	 <u>435,133</u>	 <u>439,856</u>
 <b>EXPENSES:</b>						
Program expenses:						
General government	121,554	88,799			121,554	88,799
Public safety	169,083	163,149	4,044	3,935	173,127	167,084
Streets and sanitation	121,848	93,821			121,848	93,821
Culture and recreation	36,132	43,895			36,132	43,895
Interest on long-term debt	<u>25,381</u>	<u>27,643</u>			<u>25,381</u>	<u>27,643</u>
 Total expenses	 <u>473,998</u>	 <u>417,307</u>	 <u>4,044</u>	 <u>3,935</u>	 <u>478,042</u>	 <u>421,242</u>
 Increase (Decrease) in net assets	 (42,327)	 19,173	 (582)	 (559)	 (42,909)	 18,614
 Beginning net assets	 <u>284,068</u>	 <u>254,103</u>	 <u>437</u>	 <u>996</u>	 <u>284,505</u>	 <u>255,099</u>
 Ending net assets	 <u><u>\$241,741</u></u>	 <u><u>\$273,276</u></u>	 <u><u>\$(145)</u></u>	 <u><u>\$437</u></u>	 <u><u>\$241,596</u></u>	 <u><u>\$273,713</u></u>

\*\* Beginning net assets for governmental activities was restated by \$10,792 for the City's negative net pension obligation which is shown as an asset on the government-wide balance sheet

As shown in this table, the City's revenues from its governmental activities decreased by \$4.8 million, or a 1.1% decline, from fiscal year 2008. Tax revenues remained relatively stable from the prior fiscal year; however, investment earnings declined sharply.

Expenditures increased approximately \$57 million from fiscal year 2008, or a 13% increase; the largest component of this increase was due to much needed repairs and maintenance on the City's infrastructure.

The business-type activity's expenditures increased \$109,000 while the user fees only increased \$139,000. An increase in user fees is being considered in order to update equipment used by the Emergency Management Communication District.

**Fund Analysis**

Changes in fund balances for the City's major governmental funds for the fiscal year ended June 30, 2009, are as follows:

	Beginning Balance	(Decrease)	Ending Balance
General Fund	\$117,482	\$ (22,701)	\$ 94,781
Birmingham Fund	84,968	(11,521)	73,447
General Bond Debt Reserve	41,454	( 1,732)	39,722
General Bond Debt Service	1,751	(1,298)	453
Capital Improvement Fund	<u>57,362</u>	<u>5,257</u>	<u>62,619</u>
	<u>\$303,017</u>	<u>\$ (31,995)</u>	<u>\$271,022</u>

Governmental Funds

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

The fund balance of the General Fund decreased mainly due to an increase in spending for repairs and maintenance, transfers to the capital improvement fund, and a decline in the investment earnings. The Birmingham Fund's decrease in fund balance was due for the most part to a \$10 million loss in investment earnings.

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

Budget Variances in the General Fund

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

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

### Capital Asset Activity

At June 30, 2009, the City of Birmingham reported approximately \$383 million in net capital assets, including its infrastructure, for governmental activities. The City's Emergency Management Communication District reported approximately \$1 million in net capital assets. The notes to the financial statements on pages 48 and 49 provide more information on capital assets including the changes that occurred during the fiscal year.

### Long-term Debt Activity

At June 30, 2009, the City of Birmingham had approximately \$545 million of outstanding debt for its bonds and warrants; of this amount, approximately \$514 million is considered long-term. The notes to the financial statements on pages 51-53 include additional details for the City's long-term debt activity.

The City's bond ratings are AA, Aa3, and AA- by Standard & Poor's, Moody's, and Fitch respectively. The City's broad and diverse economy as well as its consistent strong financial performance are the basis for these ratings.

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

## **Economic Factors Affecting the City of Birmingham and the 2010 Budget Information**

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

The City considered several factors in preparing the City's budget for the 2010 fiscal year such as:

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

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

**Request for Information**

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

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

# Basic Financial Statements

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City of Birmingham, Alabama  
Statement of Net Assets  
June 30, 2009  
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Unrestricted Assets:				
Cash and investments	\$350,604	\$2,348	\$352,952	\$23,812
Cash with escrow agent	2,357		2,357	
Receivables:				
Accrued interest	1,030		1,030	
Accrued taxes receivable	24,351		24,351	
Accounts (net of uncollectibles)	5,728		5,728	903
Notes (net of uncollectibles)	608		608	
Loans	5,669		5,669	
Due from other governments	4,558		4,558	2,186
Special assessments	10,169		10,169	
Interfund balances	3,512	(3,512)	0	
Inventories	1,169		1,169	
Prepaid items	280		280	402
Due from component unit	1,051		1,051	
Other current assets	497		497	
<b>Total unrestricted assets</b>	<b>411,583</b>	<b>(1,164)</b>	<b>410,419</b>	<b>27,303</b>
Restricted assets:				
Cash and cash equivalents				15,657
Investments				4,589
Accounts and grants receivable				2,368
Accrued interest receivable				20
<b>Total restricted assets</b>				<b>22,634</b>
<b>Total current assets</b>	<b>411,583</b>	<b>(1,164)</b>	<b>410,419</b>	<b>49,937</b>
<b>NONCURRENT ASSETS</b>				
Other assets:				
Deferred charges	26,394		26,394	1,172
Net pension obligation	10,792		10,792	
Due from other governments	69,200		69,200	
<b>Total other assets</b>	<b>106,386</b>		<b>106,386</b>	<b>1,172</b>
Capital assets:				
Land	137,398		137,398	129,695
Buildings and capital facilities	193,779	1,025	194,804	106,263
Furniture and other equipment	150,353	2,352	152,705	15,842
Accumulated depreciation	(219,797)	(2,355)	(222,152)	(65,355)
Infrastructure	197,515		197,515	194,959
Accumulated depreciation, infrastructure	(113,171)		(113,171)	(65,977)
Construction in progress	36,886		36,886	37,408
<b>Net capital assets</b>	<b>382,963</b>	<b>1,022</b>	<b>383,985</b>	<b>352,835</b>
<b>Total noncurrent assets</b>	<b>489,349</b>	<b>1,022</b>	<b>490,371</b>	<b>354,007</b>
<b>TOTAL ASSETS</b>	<b>\$900,932</b>	<b>(\$142)</b>	<b>\$900,790</b>	<b>\$403,944</b>

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

City of Birmingham, Alabama  
Statement of Net Assets  
June 30, 2009  
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Payable from unrestricted assets:				
Accounts and vouchers payable	\$13,284	1	\$13,285	\$993
Contracts payable-retainage	727		727	
Accrued payroll and payroll taxes payable	11,156	2	11,158	153
Due to primary government				1,051
Estimated claims payable	1,948		1,948	
Other liabilities	2,469		2,469	
Deferred revenue				41
Interest payable	5,987		5,987	
Current maturities of long-term liabilities:				
Capitalized leases	6,387		6,387	
Compensated absences	718		718	39
Bonds and warrants payable	30,805		30,805	
Total payable from unrestricted assets	<u>73,481</u>	<u>3</u>	<u>73,484</u>	<u>2,277</u>
Payable from restricted assets:				
Contracts payable				1,734
Accrued interest payable				1,345
Current portion of revenue bonds payable				3,755
Total payable from restricted assets				<u>6,834</u>
Total current liabilities	<u>73,481</u>	<u>3</u>	<u>73,484</u>	<u>9,111</u>
Long-term liabilities:				
Capitalized leases	20,944		20,944	
Compensated absences	15,332		15,332	576
Bonds and warrants payable, net	532,092		532,092	68,629
Closure and postclosure costs	7,692		7,692	
Workers' compensation claims payable	2,836		2,836	
OPEB liability	6,814		6,814	
Total long-term liabilities	<u>585,710</u>		<u>585,710</u>	<u>69,205</u>
<b>TOTAL LIABILITIES</b>	<u>659,191</u>	<u>3</u>	<u>659,194</u>	<u>78,316</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	65,727	1,022	66,749	281,623
Restricted for:				
Restricted for debt service	103,377		103,377	10,421
Restricted for future projects	161,225		161,225	9,134
Unrestricted	(88,588)	(1,167)	(89,755)	24,450
<b>TOTAL NET ASSETS</b>	<u>241,741</u>	<u>(145)</u>	<u>241,596</u>	<u>325,628</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$900,932</u>	<u>(\$142)</u>	<u>\$900,790</u>	<u>\$403,944</u>

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

**City of Birmingham, Alabama**  
**Statement of Activities**  
**For the Year Ended June 30, 2009**  
(in thousands)

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
<b>Functions:</b>								
<b>Primary Government:</b>								
<b>Governmental activities:</b>								
General government	\$ 121,554	\$ 95,999	\$ 15,094		\$ (10,461)		\$ (10,461)	
Public safety	169,083	17,502			(151,581)		(151,581)	
Streets & sanitation	121,848	1,577			(120,271)		(120,271)	
Culture & recreation	36,132	1,341			(34,791)		(34,791)	
Interest on long-term debt	25,381				(25,381)		(25,381)	
<b>Total governmental activities</b>	<b>473,998</b>	<b>116,419</b>	<b>15,094</b>		<b>(342,485)</b>		<b>(342,486)</b>	
<b>Business-type activities:</b>								
Emergency Management Communication District	4,044	3,447				(597)	(597)	
<b>Total primary government</b>	<b>478,042</b>	<b>119,866</b>	<b>15,094</b>		<b>(342,485)</b>	<b>(597)</b>	<b>(343,083)</b>	
<b>Component Units:</b>								
Birmingham Airport Authority	34,471	34,524		27,069				27,122
Birmingham Parking Authority	5,791	5,849						58
<b>Total component units</b>	<b>40,262</b>	<b>40,373</b>		<b>27,069</b>				<b>27,180</b>
<b>General revenues:</b>								
Sales and use tax					131,904		131,904	
Occupational tax					76,325		76,325	
Property tax					61,663		61,663	
Grants and contributions-unrestricted					26,060		26,060	
Unrestricted investment earnings					(4,201)	15	(4,186)	502
Other					8,407		8,407	2,087
<b>Total general revenues</b>					<b>300,158</b>	<b>15</b>	<b>300,173</b>	<b>2,589</b>
Change in net assets					(42,327)	(582)	(42,909)	29,769
Net assets, beginning of year					284,068	437	284,505	295,859
<b>Net assets, end of year</b>					<b>\$241,741</b>	<b>(\$145)</b>	<b>\$241,596</b>	<b>\$325,628</b>

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

City of Birmingham, Alabama  
Balance Sheet  
Governmental Funds  
June 30, 2009  
(in thousands)

	General	Birmingham Fund	General Bond Debt Reserve	General Bond Debt Service	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and investments	\$101,304	\$73,007	\$39,291	\$455	36,756	\$ 99,791	\$350,603
Cash with fiscal agent						2,357	2,357
Receivables:							0
Accrued interest	180	480	280		14	75	1,030
Accrued taxes	23,662		151		401	138	24,352
Accounts (net of uncollectibles)	5,633					95	5,728
Notes (net of uncollectibles)	320					288	608
Loans	2,329					3,339	5,669
Due from other governments	2		72,855			901	73,758
Special assessments						10,169	10,169
Due from other funds	10,015				26,259		36,274
Due from component units	1,051						1,051
Inventories	1,169						1,169
Prepaid items	280						280
Other	445					53	497
<b>TOTAL ASSETS</b>	<u>\$146,390</u>	<u>\$73,487</u>	<u>112,577</u>	<u>455</u>	<u>63,430</u>	<u>117,206</u>	<u>513,545</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Accounts and vouchers payable	9,503	40		2	707	3,033	13,285
Contracts payable-retainage					104	623	727
Accrued payroll and payroll taxes	10,969					187	11,156
Due to other funds	26,259					6,502	32,761
Deferred revenue	526		72,855			13,142	86,523
Estimated claims payable	1,948						1,948
Other liabilities	2,404					64	2,468
<b>TOTAL LIABILITIES</b>	<u>51,609</u>	<u>40</u>	<u>72,855</u>	<u>2</u>	<u>811</u>	<u>23,551</u>	<u>148,868</u>
<b>FUND BALANCES:</b>							
Reserved for debt service			39,722	453			40,175
Reserved for prepaid items	280						280
Reserved for capital projects		73,447			62,619	99,168	235,234
Unreserved reported in:							
General fund	94,501						94,501
Special revenue funds						(1,847)	(1,847)
Debt service funds						(3,666)	(3,666)
<b>TOTAL FUND BALANCES</b>	<u>94,781</u>	<u>73,447</u>	<u>39,722</u>	<u>453</u>	<u>62,619</u>	<u>93,655</u>	<u>364,677</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>146,390</u>	<u>73,487</u>	<u>112,577</u>	<u>455</u>	<u>63,430</u>	<u>117,206</u>	

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 are not reported in the funds	382,962
Negative net pension obligation is not a financial resource and not reported in the funds	10,792
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(603,213)
Deferred revenues are not recognized until available in the funds	86,523

**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

241,741

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, 2009  
(in thousands)

	General	Birmingham Fund	General Bond Debt Reserve	General Bond Debt Service	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Taxes	\$245,349		29,686			1,703	\$276,738
Licenses and permits	87,525						87,525
Intergovernmental	16,227		41		6,898	18,161	41,327
Charges for services	13,995					74	14,069
Fines and forfeitures	6,322					1,622	7,944
Investment income	2,389	(10,303)	2,160	7	189	1,359	(4,199)
Other operating revenues	6,742				51	829	7,622
<b>TOTAL REVENUES</b>	<b>378,549</b>	<b>(10,303)</b>	<b>31,887</b>	<b>7</b>	<b>7,138</b>	<b>23,748</b>	<b>431,026</b>
<b>EXPENDITURES:</b>							
<b>Current:</b>							
Public safety	172,837					4,351	177,188
Street and sanitation	52,083					331	52,414
Cultural and recreational	34,651					339	34,990
General government	91,266	795			8,707	17,263	118,030
<b>Total current operations</b>	<b>350,837</b>	<b>795</b>		<b>0</b>	<b>8,707</b>	<b>22,284</b>	<b>382,622</b>
<b>Debt service:</b>							
Principal	5,400			18,330	2,205		25,935
Interest and fees	5,275		13	16,581	1,849	486	24,204
<b>Total debt service</b>	<b>10,675</b>	<b>0</b>	<b>13</b>	<b>34,911</b>	<b>4,054</b>	<b>486</b>	<b>50,139</b>
Capital outlays	44,673	289			11,617	37,172	93,751
<b>TOTAL EXPENDITURES</b>	<b>406,185</b>	<b>1,084</b>	<b>13</b>	<b>34,911</b>	<b>24,378</b>	<b>59,942</b>	<b>526,513</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(27,636)</b>	<b>(11,387)</b>	<b>31,874</b>	<b>(34,904)</b>	<b>(17,240)</b>	<b>(36,194)</b>	<b>(95,487)</b>
<b>Other financing sources (uses):</b>							
Proceeds from capital lease	26,500						26,500
Transfers in	1,690			33,606	24,472	3,482	63,250
Transfers out	(23,255)	(134)	(33,606)		(1,975)	(4,280)	(63,250)
<b>Net other financing sources (uses)</b>	<b>4,935</b>	<b>(134)</b>	<b>(33,606)</b>	<b>33,606</b>	<b>22,497</b>	<b>(798)</b>	<b>26,500</b>
<b>Net change in fund balances</b>	<b>(22,701)</b>	<b>(11,521)</b>	<b>(1,732)</b>	<b>(1,298)</b>	<b>5,257</b>	<b>(36,992)</b>	<b>(68,987)</b>
Fund balances, beginning of year	117,482	84,968	41,454	1,751	57,362	130,647	433,664
<b>Fund balances, end of year</b>	<b>\$94,781</b>	<b>\$73,447</b>	<b>\$39,722</b>	<b>\$453</b>	<b>\$62,619</b>	<b>\$93,655</b>	<b>\$364,677</b>

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

**City of Birmingham, Alabama**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Year Ended June 30, 2009**  
**(in thousands)**

Net change, decrease, in fund balances - total governmental funds	\$	(68,987)
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, however, these costs are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
		28,898
<p>The repayment of principal of long-term debt uses current resources of governmental funds but has no effect on net assets</p>		
		25,615
<p>Issuance of new capital lease</p>		
		(26,500)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:</p>		
Change in compensated absences	(1,154)	
Change in closure and postclosure costs	(78)	
Amortization of deferred charges	(749)	
Change in interest payable	367	(1,614)
Revenue not recognized until future years	(2,212)	
Revenue recognized in a prior year	2,968	
Elimination of interfund receivable	(505)	
Gain on disposal of fixed assets	10	261
Change, increase, in net assets of governmental activities		(\$42,327)

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

**City of Birmingham, Alabama**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2009**  
**(in thousands)**

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$263,534	\$263,651	\$245,349	(\$18,302)
Licenses and permits	90,724	91,724	87,525	(4,199)
Intergovernmental	15,400	16,082	16,227	145
Charges for services	12,419	12,554	13,995	1,441
Fines and forfeitures	4,130	5,283	6,322	1,039
Other operating revenues	10,206	10,308	9,131	(1,177)
<b>Total revenues</b>	<u>396,413</u>	<u>399,602</u>	<u>378,549</u>	<u>(21,053)</u>
<b>Expenditures:</b>				
Public safety	180,784	175,700	172,837	(2,863)
Environment and street	56,370	53,047	52,083	(964)
Cultural and recreation	35,939	35,472	34,651	(821)
General government	84,645	96,975	91,266	(5,709)
Debt service	7,816	7,816	10,675	2,858
Capital outlays	51,386	30,982	44,673	13,692
<b>Total expenditures</b>	<u>416,940</u>	<u>399,992</u>	<u>406,185</u>	<u>6,193</u>
<b>Deficiency of expenditures over revenues</b>		<u>(\$390)</u>	(27,636)	<u>(\$27,246)</u>
<b>Other financing uses</b>			<u>4,935</u>	
<b>Deficiency of expenditures and other uses over revenues</b>			(22,701)	
<b>Fund balance, beginning of year</b>			<u>117,482</u>	
<b>Fund balance, end of year</b>			<u>\$94,781</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, 2009**  
**(in thousands)**

**ASSETS**

**Current assets:**

Cash and investments	\$2,348
<b>Total current assets</b>	<b>2,348</b>

**Property, plant, and equipment:**

Buildings and systems	1,025
Machinery and equipment	2,329
Furniture and fixtures	23
Less accumulated depreciation	(2,355)
<b>Total property, plant, and equipment</b>	<b>1,022</b>

<b>TOTAL ASSETS</b>	<b>\$3,370</b>
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**LIABILITIES**

**Current liabilities:**

Accounts payable	\$1
Accrued payroll & payroll taxes	2
Due to other funds	3,512
<b>TOTAL LIABILITIES</b>	<b>3,515</b>

**NET ASSETS**

Invested in capital assets	1,022
Unrestricted	(1,167)
<b>NET ASSETS</b>	<b>(145)</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$3,370</b>
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The accompanying notes are an integral part of these financial statements.

**City of Birmingham, Alabama**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Fund**  
**Emergency Management Communication District**  
**For the Year Ended June 30, 2009**  
**(in thousands)**

<b>OPERATING REVENUES:</b>	
Service fees	<u>\$3,447</u>
<b>OPERATING EXPENSES:</b>	
Public safety	3,512
General and administrative	489
Repairs and maintenance	23
Depreciation	20
Total operating expenses	<u>4,044</u>
Operating loss	(597)
<b>NONOPERATING REVENUES:</b>	
Interest income	<u>15</u>
Net loss	(582)
Net assets, beginning of year	<u>437</u>
Net assets, end of year	<u><u>(\$145)</u></u>

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

**City of Birmingham, Alabama**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Emergency Management Communication District**  
**For the Year Ended June 30, 2009**  
**(in thousands)**

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$3,447
Cash payments to suppliers	(3,866)
Cash payments to employees	(50)
Net cash from operating activities	(469)
<b>Cash flows from and related financing activities:</b>	
Acquisition of capital assets	(141)
<b>Cash flows from investing activities:</b>	
Interest received	15
Net decrease in cash and cash equivalents	(595)
Cash and investments, beginning of year	2,943
Cash and investments, end of year	\$2,348
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	(\$597)
<b>Adjustments to reconcile operating loss to net cash used by operating activities:</b>	
Depreciation	20
Change in prepaid items	11
Change in accounts payable and contracts payable	2
Change in due to other funds	95
Net cash from operating activities	(\$469)

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, 2009**  
**(in thousands)**

<b>ASSETS:</b>	
Cash and cash equivalents	(\$13,796)
Receivables:	
Members	35
Member loans	10,691
Interest and dividends	4,736
Investments, at fair value:	
U. S. Government obligations	206,659
Domestic corporate bonds	218,788
Domestic stocks	393,649
	820,762
<b>TOTAL ASSETS</b>	<b>820,762</b>
 <b>LIABILITIES</b>	
Accounts payable and other	557
<b>TOTAL LIABILITIES</b>	<b>557</b>
 <b>NET ASSETS</b>	
Held in trust for future pension benefits	<b>\$820,205</b>

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, 2009**  
**(in thousands)**

<b>ADDITIONS:</b>	
<b>Contributions:</b>	
Employer contributions	\$16,980
Plan member contributions	16,563
<b>Total contributions</b>	<u>33,543</u>
<b>Investment income:</b>	
Investment earnings	(101,481)
Securities lending	2,700
	<u>(98,781)</u>
Less investment expenses	(2,466)
<b>Net investment income</b>	<u>(101,247)</u>
<b>Other income</b>	<u>460</u>
<b>TOTAL ADDITIONS</b>	<u>(67,244)</u>
<b>DEDUCTIONS:</b>	
Benefits	63,994
Refunds of contributions	903
Administrative expenses	1,029
	<u>65,926</u>
<b>TOTAL DEDUCTIONS</b>	<u>65,926</u>
<b>Net decrease</b>	(133,170)
<b>Net assets held in trust for future pension benefits:</b>	
Beginning of year	953,374
End of year	<u><u>\$820,205</u></u>

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

City of Birmingham, Alabama  
Statement of Net Assets - Component Units  
June 30, 2009  
(in thousands)  
(1 of 2)

	Component Units		Total
	Birmingham Airport Authority	Birmingham Parking Authority	
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
<b>Unrestricted Assets:</b>			
Cash and investments	\$20,018	\$3,794	\$23,812
Receivables:			
Accounts (net of allowances for uncollectibles)	868	35	903
Due from other governments	2,154	32	2,186
Prepaid items	402		402
<b>Total unrestricted assets</b>	<b>23,442</b>	<b>3,861</b>	<b>27,303</b>
<b>Restricted assets:</b>			
Cash and cash equivalents	15,657		15,657
Investments	4,589		4,589
Grants and accounts receivable	2,368		2,368
Accrued interest receivable	20		20
<b>Total restricted assets</b>	<b>22,634</b>		<b>22,634</b>
<b>Total current assets</b>	<b>46,076</b>	<b>3,861</b>	<b>49,937</b>
<b>NONCURRENT ASSETS</b>			
<b>Other assets:</b>			
Deferred charges	1,172		1,172
<b>Capital assets:</b>			
Land	127,755	1,940	129,695
Buildings and capital facilities	106,263		106,263
Machinery and equipment	15,077	765	15,842
Accumulated depreciation	(65,355)		(65,355)
Infrastructure	194,959		194,959
Accumulated depreciation	(65,977)		(65,977)
Construction in progress	37,869	(461)	37,408
<b>Total capital assets</b>	<b>350,591</b>	<b>2,244</b>	<b>352,835</b>
<b>Total noncurrent assets</b>	<b>351,763</b>	<b>2,244</b>	<b>354,007</b>
<b>TOTAL ASSETS</b>	<b>\$397,839</b>	<b>\$6,105</b>	<b>\$403,944</b>

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

City of Birmingham, Alabama  
Statement of Net Assets - Component Units  
June 30, 2009  
(in thousands)  
(2 of 2)

	Component Units		Total
	Birmingham Airport Authority	Birmingham Parking Authority	
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payable from Unrestricted Assets:			
Accounts and vouchers payable	\$928	\$65	\$993
Accrued payroll and payroll taxes		153	153
Due to primary government		1,051	1,051
Compensated absences		39	39
Deferred revenue		41	41
<b>Total payable from unrestricted assets</b>	<b>928</b>	<b>1,349</b>	<b>2,277</b>
Payable from Restricted Assets:			
Construction contracts payable	1,734		1,734
Accrued interest payable	1,345		1,345
Current portion of revenue bonds payable	3,755		3,755
<b>Total payable from restricted assets</b>	<b>6,834</b>		<b>6,834</b>
<b>Total current liabilities</b>	<b>7,762</b>	<b>1,349</b>	<b>9,111</b>
Long-term liabilities:			
Compensated absences	369	207	576
Revenue bonds payable, net	68,629		68,629
<b>Total long-term liabilities</b>	<b>68,998</b>	<b>207</b>	<b>69,205</b>
<b>TOTAL LIABILITIES</b>	<b>76,760</b>	<b>1,556</b>	<b>78,316</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	279,379	2,244	281,623
Restricted for:			
Debt service	10,421		10,421
Federal grants and programs	9,134		9,134
Unrestricted	22,145	2,305	24,450
<b>TOTAL NET ASSETS</b>	<b>321,079</b>	<b>4,549</b>	<b>325,628</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$397,839</b>	<b>\$6,105</b>	<b>\$403,944</b>

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

City of Birmingham, Alabama  
Statement of Activities - Component Units  
For the Year Ended June 30, 2009  
(in thousands)

	Expenses	Charges for Services	Capital Grants and Contributions	Net Revenues and Changes in Net Assets		Total
				Birmingham Airport Authority	Birmingham Parking Authority	
Birmingham Airport Authority	\$34,471	\$34,524	27,069	\$27,122		\$27,122
Birmingham Parking Authority	5,791	5,849			\$58	58
<b>Total component units</b>	<b>\$40,262</b>	<b>\$40,373</b>	<b>\$27,069</b>	<b>27,122</b>	<b>58</b>	<b>27,180</b>
<b>General revenues:</b>						
Unrestricted investment earnings				468	34	502
Other				2,087		2,087
<b>Total general revenues</b>				<b>2,555</b>	<b>34</b>	<b>2,589</b>
<b>Change in net assets</b>				<b>29,677</b>	<b>92</b>	<b>29,769</b>
<b>Net assets - beginning of year</b>				<b>291,402</b>	<b>4,457</b>	<b>295,859</b>
<b>Net assets - end of year</b>				<b>\$321,079</b>	<b>\$4,549</b>	<b>\$325,628</b>

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

**A. Reporting Entity**

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

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

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

**Discretely presented component units**

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

The BAA reimburses the City for the cost of providing security and fire protection services to the Airport. Amounts charged by the City for the fiscal year ended June 30, 2009, totaled \$3,963,366.

- 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, 2009

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, 2009

Birmingham Parking Authority  
1732 5<sup>th</sup> Avenue North  
Birmingham, Alabama 35203  
Financial statement date: June 30, 2009

**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 2009, the City appropriated to the BJCTA \$5,296,997 and \$39,565 to the BHA. These organizations are related organizations that have not been included within the City's financial statements.

**Joint Venture**

As defined in GASB Statement No. 14, a joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. The City participates in the Birmingham-Jefferson County Civic Center Authority (BJCCA) which was created by the Alabama Legislature as a public corporation authorized to construct, maintain, operate, and manage a civic center in the City of Birmingham, Jefferson County, Alabama. The BJCCA also owns a hotel that is managed by an independent operator. The City is a joint participant in the BJCCA with Jefferson County; each is obligated by contract to remit amounts to supplement the BJCCA's operating revenues. In accordance with the interlocal agreement, the City remitted \$3,000,000 to the BJCCA during fiscal year 2009. The City does not have an equity ownership in this joint venture. Separate financial statements indicated a change in net assets of \$17,374,009 for the year ended August 31, 2008; net assets at August 31, 2008 totaled \$131,305,875. These are the most current figures available.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

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

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

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

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

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

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

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

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

Additionally, the City reports the following fund types:

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

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

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.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

**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

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

3. Inventories and Prepaid Items –

Inventories are valued on the average cost basis. Inventory consists of expendable supplies held in the General Fund for consumption. The cost is recorded as an expenditure at the time individual items are used (consumption method). Payments made to vendors for services that will benefit periods beyond June 30, 2009, 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 \$1,000. Capital assets are recorded at cost where historical cost is available or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value at time of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend useful lives are expensed. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

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

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

6. Compensated absences – City of Birmingham employees earn vacation leave at graduated rates based on the employee’s length of service (one day per month of service, initially), and up to 40 days of unused leave

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

may be carried over to the following year. Vacation pay is accrued when incurred in the government-wide financial statements. The City does not have a policy for vested sick pay, thus no liability for accumulated unpaid sick leave is accrued.

7. Long-term obligations – Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premiums and discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**II. Reconciliation of Government-Wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$603,213 difference are as follows:

Bonds payable	\$545,215
Add: Issuance premium (to be amortized as interest expense)	17,707
Less: Discount on issuance of warrants	(25)
Less: Deferred charge for issuance costs (to be amortized over the life of the debt)	(26,394)
Accrued interest payable	5,987
Capital leases	27,331
Compensated absences	16,050
Landfill closure liability	7,692
Workmen's compensation claims	2,836
OPEB liability	6,814
	\$603,213

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

**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 \$28,898 difference are as follows:

Capital outlay	45,097
Depreciation expense	<u>(16,199)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$28,898</u>

**C. Restatement of beginning net assets (dollars in thousands)**

Beginning unrestricted net assets of the governmental activities on the government-wide financial statements were restated to reflect the negative net pension obligations for the following pension plans per the actuarial calculations at 6/30/08 that is shown as an asset:

Retirement & Relief System	\$ 7,222
Firemen’s & Policemen’s Supplemental Pension	<u>3,570</u>
	\$10,792

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

**A. Budgetary information**

The annual budget for the City of Birmingham’s General Fund is adopted on a cash basis. 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.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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. Beginning in fiscal year 2009, all general fund purchase orders lapse at year end and are reestablished along with their appropriations as needed in the new fiscal year. All purchase orders in capital projects and special revenue funds do not lapse and appropriations are reappropriated in the next fiscal year.

**IV. Detailed notes on all funds**

**A. Deposits and Investments**

**Deposits** – At June 30, 2009, the carrying amount of the City's demand deposits, certificates of deposits, and money market investments in all funds was \$262,974,261 and the bank balance was \$274,075,310.

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, 2009

**Investments** – At June 30, 2009 the City of Birmingham had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg. Maturity</u> (years)
U.S. Govt. agency obligations	\$ 164,193,789	8.07
U.S. Treasuries	146,942,277	6.32
U.S. Corporate debt	237,083,444	6.57
U.S. Corporate stock	<u>352,844,557</u>	-
Total fair value	\$ 901,064,068	
Portfolio weighted avg. maturity		6.93

**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
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 \$38,493,609 and U.S. corporate debt with a fair value of \$1,243,339. Mortgage-backed securities are based on cash flows from the collection of mortgages. Prepayments arise

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

**Credit Risk:** The City's Retirement & Relief System's investment policy limits investments in all bonds to securities having a Standard & Poors rating of AAA, AA, A, or BBB, or a Moody's rating of Aaa, Aa, A, or Baa. The City's investments included the following bonds at June 30, 2009:

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Govt Agency Discount Notes, Bonds	AAA	\$164,193,789
U. S. Corporate Bonds:	A	\$114,935,724
	AA	32,199,721
	AAA	21,549,430
	BBB	<u>68,398,569</u>
		<u>237,083,444</u>
		<u>\$401,277,233</u>

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

**Securities Lending Transactions** – Under the provisions of State statutes, the City lends securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. One of the City's custodial banks 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, 2009, the City has approximately \$256,182,514 of securities in the securities lending program and has incurred no loss through its participation in this program and has no anticipated risk exposure.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows (in thousands):

	June 30, <u>2008</u>	<u>Increases</u>	<u>Decreases</u>	June 30, <u>2009</u>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$137,398			137,398
Construction in progress	2,038	36,028	1,180	36,886
Land, infrastructure projects	<u>16,368</u>	<u>279</u>		<u>16,647</u>
Total nondepreciable capital assets	155,804	36,307	1,180	190,931
Capital assets, depreciable:				
Buildings & capital facilities	193,779			193,779
Furniture & other equipment	145,672	6,396	1,715	150,353
Infrastructure	<u>177,173</u>	<u>3,695</u>		<u>180,868</u>
Total depreciable capital assets	516,624	10,091	1,715	525,000
Less accumulated depreciation:				
Buildings & capital facilities	97,014	3,085		100,099
Furniture & other equipment	114,912	6,391	1,605	119,698
Infrastructure	<u>106,448</u>	<u>6,723</u>		<u>113,171</u>
Total accumulated depreciation	<u>318,374</u>	<u>16,199</u>	<u>1,605</u>	<u>332,968</u>
Net depreciable capital assets	<u>198,250</u>	<u>(6,108)</u>	<u>110</u>	<u>192,032</u>
Governmental activities, net capital assets	<u>\$354,054</u>	<u>30,199</u>	<u>1,290</u>	<u>382,963</u>
<b>Business-type activities:</b>				
Buildings & other capital facilities	\$1,025			1,025
Furniture & other equipment	<u>2,237</u>	<u>142</u>	<u>27</u>	<u>2,352</u>
Total capital assets	<u>3,262</u>	<u>142</u>	<u>27</u>	<u>3,377</u>
Less accumulated depreciation:				
Buildings & other capital facilities	358	20		378
Furniture & other equipment	<u>2,003</u>		<u>27</u>	<u>1,976</u>
Total accumulated depreciation	<u>2,361</u>	<u>20</u>	<u>27</u>	<u>2,355</u>
Business-type activities, net capital assets	<u>\$901</u>	<u>122</u>		<u>1,022</u>

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

**Governmental activities:**

Public safety, including depreciation of infrastructure assets	\$10,301
Streets and sanitation	1,738
Cultural and recreation	1,142
General government	<u>3,018</u>
Total depreciation - governmental activities	<u><u>\$16,199</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, 2009, 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	\$26,259
General Fund	Birmingham Emergency Mgt. Communication District	3,515
	Debt Service Fund	6,500
		<u><u>\$36,274</u></u>

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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, 2009, is as follows (in thousands):

TRANSFERS OUT	TRANSFERS IN				TOTALS
	GENERAL FUND	DEBT SERVICE	CAPITAL IMP. FUND	NON- MAJOR FUNDS	
General Fund			\$ 22,175	\$ 1,080	\$ 23,255
Debt Reserve		\$ 33,606			33,606
Birmingham Fund			134		134
Capital Imp. Fund	\$ 562			1,413	1,975
Non-Major Funds	1,128		2,163	989	4,280
	<u>\$ 1,690</u>	<u>\$ 33,606</u>	<u>\$ 24,472</u>	<u>\$ 3,482</u>	<u>\$ 63,250</u>

**E. Leases**

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

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

Year ending June 30,	
2010	70,000
2011	70,000
2012	<u>53,000</u>
Total minimum lease payments	193,000
Less amount representing interest	<u>(15,000)</u>
Present value of minimum lease payments	<u><u>\$178,000</u></u>

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

The City entered into a capital lease in fiscal year 2006 to finance the acquisition of a new financial reporting and human resource/payroll computer system. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

Year ending June 30,	
2010	405,000
2011	<u>270,000</u>
Total minimum lease payments	675,000
Less amount representing interest	<u>( 22,000)</u>
Present value of minimum lease payments	<u><u>\$653,000</u></u>

The City entered into a capital lease in fiscal year 2009 to finance the acquisition of rolling stock. The equipment acquired during fiscal year 2009 is capitalized at a cost of \$5.988 million; the remainder of the equipment acquired during fiscal year 2010 was recorded as work in progress in the amount of \$20.4 million. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, are as follows:

Year ending June 30,	
2010	6,976,000
2011	6,976,000
2012	6,977,000
2013	4,181,000
2014	<u>4,181,000</u>
Total minimum lease payments	\$ 29,291,000
Less amount representing interest	<u>(2,791,000)</u>
Present value of minimum lease payments	\$26,500,000

**F. 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 OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

City, and the full faith and credit of the City is pledged against the bonds. The bonds outstanding at June 30, 2009, are as follows (in thousands):

1996; 3.75%-5.25%	430
1997-B, A-E; 4.5%-5.375%	1,495
1998-A, A-B; 3.7%-5.125%	1,300
2001-A; 2.3%-5.75%	4,755
2002-A; 5%-5.5%	16,525
2002-B; 2.25%-5.25%	7,580
2005-A; 3.75%-5.75%	28,230
2006-A; 4.00%-5.00%	83,175
2006-B; 4.00%-5.00%	58,455
2007-A; 4.00%-5.00%	116,100
	<u>\$318,045</u>

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

June 30,	Principal	Interest
2010	19,975	14,809
2011	20,810	13,921
2012	21,185	12,977
2013	22,130	12,022
2014-2018	90,630	44,842
2019-2023	45,110	27,352
2024-2028	40,405	18,132
2029-2033	57,800	6,757
	<u>\$318,045</u>	<u>\$150,812</u>

The warrants outstanding at June 30, 2009, are as follows (in thousands):

1997; 3.8%-5.0%	\$ 2,820
1998-A; variable rate	2,365
1998-B; variable rate	24,730
2000-A; 4.3%-5.5%	45,760
2001-B; 5%-5.5%	6,780
2001-C; 4%-5.75%	20,800
2003-A; 1.7%-5.25%	15,375
2003-B; 1.2%-5%	24,000
2004-A; variable rate	20,370
2004-B; 2.3%-4%	6,705
2006-C; 4%-5%	24,740
2007-B; 4%-5%	25,360
	<u>\$219,805</u>

Revenue Warrants:

2000 Tax Increment Financing; var. rate	<u>\$ 7,365</u>
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CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

June 30	Principal	Interest
2010	10,830	10,345
2011	11,305	9,876
2012	12,345	9,376
2013	12,875	8,846
2014-2018	76,495	33,972
2019-2023	41,470	18,507
2024-2028	39,655	8,232
2029-2033	14,830	1,689
	\$219,805	\$100,843

Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$318,045
Warrants payable	219,805
Revenue warrants	7,365
	545,215
Less current maturities	(30,805)
Unamortized premium & discount	17,682
Total bonds and warrants payable	\$532,092

Changes in long-term liabilities (in thousands):

Governmental activities:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Bonds and warrants payable (net of premium and discounts)	\$593,557		30,660	562,897	30,805
Capital leases	1,266	26,500	435	27,331	6,387
Worker's compensation claims	2,836			2,836	0
Compensated absences	14,896	2,154	1,000	16,050	718
Closure and postclosure costs	7,614	78		7,692	0
OPEB liability	6,814			6,814	0
	\$626,983	\$28,732	\$ 32,095	\$623,620	\$37,910

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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.

**G. Risk Management**

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

In fiscal year 2008, the Alabama Supreme Court ruled that the City of Birmingham was not exempt from the State of Alabama's worker compensation rules. The City has not decided whether it will appeal this ruling or not at this time. It is considering a rewrite of the pension laws of the State of Alabama that cover the City's pension plans to better reflect the City's overall liability. The City had a professional actuarial estimate made of its liability at June 30, 2008, which was calculated to be \$2,836,164 which has been accrued on the government-wide financial statements. The City elected to have this actuarial evaluation done biennially. The changes to the liability for workers compensation claims is shown below:

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

The City covers all legal claims expenditures out of its General Fund resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. At June 30, 2009, the amount of these liabilities totaled \$1.948 million and is considered a current liability. The liability is the City's best estimate based on available information. Changes in the General Fund's claims liability amount in the last three fiscal years are as follows (in thousands):

June 30	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2009	\$3,087	449	1,588	\$1,948
2008	\$3,235	944	1,092	\$3,087
2007	\$2,725	2,026	1,516	\$3,235

**H. 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 2009 fiscal year.

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

The City 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.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

The City of Birmingham entered into an agreement with Wal-Mart Real Estate Trust in May 2002. Wal-Mart agreed to purchase and construct within the City limits two retail sales components – one being a Wal-Mart 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; the City's obligation to Wal-Mart ended in fiscal year 2009 with a total of \$10,000,000 rebated.

In August 2002, the City entered into funding agreements with the Greater Birmingham Convention & Visitors Bureau (the Bureau) and with the Birmingham Jefferson Civic Center Authority (BJCCA). The purpose of the agreements is to encourage and promote tourism and convention business within the city. On July 30, 2002, the City Council levied and imposed a privilege tax on every person, firm, or corporation engaged in the business of renting or furnishing any type accommodations to people in hotels, motels, inns, cabins, or any other type lodging. The tax is 3% of the charges of the lodging accommodations. The City agreed to rebate one-third of the taxes collected to the Bureau and two-thirds to the BJCCA. The terms of the agreements are from July 1, 2002, through June 30, 2007, with options for annual renewals. As of June 30, 2009, the City has collected life-to-date approximately \$12,426,364 in lodging tax revenues and has remitted approximately \$4,071,460 to the Bureau and approximately \$8,354,904 to the BJCCA.

In May 2006, the City and Wal-Mart Stores East, LP ( a subsidiary of Wal-Mart Stores, Inc.) entered into a redevelopment agreement for property located at the former Eastwood Mall shopping center. Wal-Mart Stores agreed to construct a Wal-Mart Supercenter on approximately 23 acres of the site and additional retail stores on approximately 27 acres. As an inducement to develop this vacant property and create jobs, the City contributed \$11 million to the project. Wal-Mart Stores agreed that if the revenue generated did not equal or exceed the City's assumed debt service that they would be obligated to pay any difference. The stores opened in the fall of 2007, and revenues generated have exceeded the City's debt service associated with this project.

In May 2008, the City entered into a project agreement with The Childrens Hospital of Alabama (TCHA) whereby TCHA will undertake an expansion project which will generate construction payroll revenue for the City as well as 400 new TCHA jobs upon completion. As an inducement for TCHA to expand its facilities and create new jobs, the City will rebate to them newly created occupational tax revenues, occupational taxes attributable to the construction period, and one-half of the costs of all City construction permits.

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

The term of the agreement is the earlier of twenty years or the date when refunds made to TCHA total \$20,000,000.

**I. 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, 2009, represents the cumulative amount reported to date based on the use of approximately 80 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, and/or changes in regulations. Officials estimate the landfills' remaining lives to be approximately three years.

**J. Pension Funds**

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

Plan Descriptions

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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 are traded on the national exchange

Plan descriptions and disclosures as of the last actuarial study of June 30, 2008, for each pension plan follow.

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

*Schedule of Employer Contributions:*

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

Supplementary Information for Retirement & Relief System:

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

**Actuarial Valuation:**

Frequency	Annual
Latest Date	7/1/2008
Basis for Contributions	7/1/2008
Cost Method	Entry Age Normal

**Amortization:**

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

**Assumptions:**

Investment Earnings	7.00
Salary Increase:	
Inflation	3.5%
Merit, Longevity, etc.	Varies from .00% to 6%
Administrative Expense	Changes from \$150,000 to \$180,000

**Plan Membership:**

Retired participants and beneficiaries receiving benefits	2,464
Terminated participants entitled to, but not yet receiving benefits	205
Active participants	<u>3,782</u>
Total membership	6,451

*Schedule of Funding Progress:*

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

**Retirement and Relief System**  
**Development of the Net Pension Obligation and the Annual Pension Cost**

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

*Schedule of Employer Contributions:*

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

*Schedule of Funding Progress:*

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

	<b>Actuarial Valuation:</b>	
Frequency		Annual
Latest Date		7/1/2008
Basis for Contributions		7/1/2008
Cost Method		Entry Age Normal
	<b>Amortization:</b>	
Method		Level Dollar
Open/Closed		Open/Rolling 30 years
Equivalent Single Period Remaining		30
		Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Asset Valuation Method		
	<b>Assumptions:</b>	
Investment Earnings		7.00
Salary Increase:		
Inflation		3.5%
Merit, Longevity, etc.		Varies from .00% to 6%
	<b>Plan Membership:</b>	
Retired participants and beneficiaries receiving benefits		274
Active participants		<u>1,351</u>
Total membership		1,625

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

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

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

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

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

**Actuarial Valuation:**

Frequency	Annual
Latest Date	7/1/2008
Basis for Contributions	7/1/2008
Cost Method	Aggregate Cost Method
Asset Valuation Method	Market Value

**Assumptions:**

Investment Earnings	7.00
Salary Increase	N/A

**Plan Membership:**

Retired participants and beneficiaries receiving benefits	30
Active participants	5
Total membership	35

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

***Firemen's Pension and Relief Fund*** – This system covers firemen employed prior to September 1939. All participants are currently retired and receiving benefits. Funding is provided by a tax of 1 ½% of premiums on fire insurance on property in Birmingham and by City contributions. Retired members include 3 beneficiaries.

*Schedule of Employer Contributions:*

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

*Analysis of Funding Progress:*

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

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

**Actuarial Valuation:**

Frequency	Annual
Latest Date	7/1/2008
Basis for Contributions	7/1/2008
Cost Method	Funded Frozen Plan

**Assumptions:**

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

*Schedule of Employer Contributions:*

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

*Analysis of Funding Progress:*

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

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

**Actuarial Valuation:**

Frequency	Annual
Latest Date	7/1/2008
Basis for Contributions	87/1/2007
Cost Method	Funded Frozen Plan

**Assumptions:**

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

*Schedule of Employer Contributions:*

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2002	\$69,862	100%
2003	51,953	100%
2004	34,926	100%
2005	34,500	100%
2006	28,025	100%
2007	29,927	100%
2008	19,454	100%

*Analysis of Funding Progress:*

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

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

**Actuarial Valuation:**

Frequency	Annual
Latest Date	7/1/2008
Basis for Contributions	7/1/2008
Cost Method	Frozen Plan

**Assumptions:**

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

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

*Schedule of Employer Contributions:*

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

*Analysis of Funding Progress:*

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

*Supplementary information:*

**Actuarial Valuation:**

Frequency	Annual
Latest Date	7/1/2008
Basis for Contributions	7/1/2008
Cost Method	Frozen Plan

**Assumptions:**

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

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.

The City's subsidy for each covered retired employee ranges from \$30 to \$121 per month, and total insurance premiums range from \$12 to \$34 per

CITY OF BIRMINGHAM  
Notes to the Financial Statements  
June 30, 2009

month for dental insurance, and \$116 to \$953 for medical insurance. Expenditures for post-retirement health care insurance costs are made and recognized monthly in the City's financial statements.

The City had an actuarial study made to determine the OPEB liability. The actuarial results are on the following page. The City paid approximately \$3.5 million in medical claims and medical premiums for retirees which was deducted from the actuarially determined liability. The remainder \$6.8 million was accrued in the government-wide financial statements.

**V. Subsequent Events**

In July 2009, the City issued the General Obligation Refunding Warrants, Series 2009-A in the amount of \$19,960,000. The warrants were used to current refund the 2004-A General Obligation Capital Improvement Warrants (Series 2004-A Warrants). The outstanding amount of the Series 2004-A Warrants at the time of the refunding was \$19,945,625. The Series 2009-A Refunding Warrants are fixed rate warrants with a final maturity date of June 1, 2026.

In November 2009, the City entered into private financing arrangements to issue \$21 million of revenue warrants. The warrants will be used to current refund the Tax Increment Financing Revenue Warrants-Series 2000, to pay project costs occurring in the Tax Increment Financing District, and to pay costs of issuance. The warrants are limited obligations of the City of Birmingham payable solely out of incremental ad valorem taxes from the Tax Increment Financing District. The revenue warrants are fixed rate warrants with a final maturity date of June 30, 2021.

City of Birmingham, Alabama  
Combining Statement of Fiduciary Net Assets  
Pension Trust Funds  
June 30, 2009  
(in thousands)

	Retirement and Relief System	Firemen's and Policemen's Supplemental Pension System	Firemen's Pension and Relief	Policemen's Pension and Relief	Limited Firemen's Retirement & Relief System	Limited Policemen's Retirement & Relief System	Unclassified Employees Pension & Relief System	Total
<b>ASSETS:</b>								
Cash and cash equivalents	(\$26,909)	\$2,849	\$9,135				\$1,130	(\$13,796)
Receivables:								
Members	35							35
Member loans	10,691							10,691
Interest and dividends	4,541	160	35					4,736
Due from other funds								
Investments, at fair value:								
U. S. Government obligations	194,877	11,783						206,659
Domestic corporate bonds	203,671	15,117						218,788
Domestic stocks	384,233	9,416						393,649
<b>TOTAL ASSETS</b>	<b>771,138</b>	<b>39,324</b>	<b>9,170</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,130</b>	<b>820,762</b>
<b>LIABILITIES</b>								
Accounts payable and other	483	72					2	557
<b>NET ASSETS</b>								
Held in trust for future pension benefits	<b>\$770,655</b>	<b>\$39,252</b>	<b>\$9,170</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,128</b>	<b>\$820,205</b>

City of Birmingham, Alabama  
Combining Statement of Changes in Plan Net Assets  
Pension Trust Funds  
for the Year Ended June 30, 2009  
(in thousands)

	Retirement and Relief System	Firemen's and Policemen's Supplemental Pension System	Firemen's Pension and Relief	Policemen's Pension and Relief	Limited Firemen's Retirement & Relief System	Limited Policemen's Retirement & Relief System	Unclassified Employees Pension & Relief System	Total
<b>ADDITIONS</b>								
<b>Contributions:</b>								
Employer	\$12,792	\$4,127		\$19	\$26	\$16		\$16,980
Plan Members	12,487	4,075					1	16,563
<b>Total contributions</b>	<b>25,278</b>	<b>8,202</b>		<b>19</b>	<b>26</b>	<b>16</b>	<b>1</b>	<b>33,543</b>
<b>Investment income:</b>								
Investment earnings	(98,828)	(2,401)	61				(312)	(101,481)
Securities lending	2,700							2,700
	(96,128)	(2,401)	61				(312)	(98,781)
<b>Less investment expenses</b>	<b>2,222</b>	<b>244</b>						<b>2,466</b>
<b>Net investment income</b>	<b>(98,350)</b>	<b>(2,645)</b>	<b>61</b>				<b>(312)</b>	<b>(101,247)</b>
Other income	11	1	446				2	460
<b>Total additions</b>	<b>(73,060)</b>	<b>5,558</b>	<b>507</b>	<b>19</b>	<b>26</b>	<b>16</b>	<b>(309)</b>	<b>(67,244)</b>
<b>DEDUCTIONS</b>								
Benefits	57,388	6,369	44	17	24	14	138	63,994
Refunds of contributions	586	317						903
Administrative expenses	267	739	2	2	2	2	16	1,029
<b>Total deductions</b>	<b>58,241</b>	<b>7,425</b>	<b>46</b>	<b>19</b>	<b>26</b>	<b>16</b>	<b>154</b>	<b>65,926</b>
<b>Net increase (decrease)</b>	<b>(131,302)</b>	<b>(1,867)</b>	<b>461</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(463)</b>	<b>(133,170)</b>
<b>Net assets held in trust for pension benefits:</b>								
Beginning of year	901,957	41,118	8,708		0	0	1,591	953,374
End of year	\$770,655	\$39,252	\$9,170	\$0	\$0	(\$0)	\$1,128	\$820,205

## **OTHER SUPPLEMENTARY INFORMATION**

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City of Birmingham, Alabama  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For the Year Ended June 30, 2009  
(in thousands)

	Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Taxes	263,651	245,349	(18,301)
Licenses and permits	91,724	87,525	(4,199)
Intergovernmental	16,082	16,227	145
Charges for services	12,554	13,995	1,441
Fines and forfeitures	5,283	6,322	1,039
Investment income	4,012	2,389	(1,623)
Other operating revenues	6,296	6,742	446
<b>Total Revenues</b>	<b>399,602</b>	<b>378,549</b>	<b>(21,053)</b>
<b>Expenditures</b>			
<b>Current Expenditures</b>			
<b>Public safety</b>			
Police	82,807	80,914	(1,893)
Fire	62,868	62,092	(776)
Planning, Engineering & Permits	14,830	14,487	(343)
Traffic Engineering	9,642	9,969	326
Municipal Court	4,817	4,638	(179)
Parole Office	735	737	2
<b>Street and sanitation</b>			
Public Works	53,047	52,083	(964)
<b>Cultural &amp; recreational</b>			
Park & Recreation	11,307	10,353	(954)
Library	16,369	16,453	84
Arlington Historical Home	632	589	(43)
Boutwell Auditorium	1,246	1,284	38
Museum of Art	3,726	3,751	26
Sloss Furnace	868	772	(95)
Southern Museum of Flight	622	689	67
State Fairgrounds	702	759	58
<b>General government</b>			
Finance	9,847	9,304	(542)
Equipment Management	5,396	5,321	(75)
Information Management Services	6,212	6,025	(187)
City Clerk	1,150	951	(199)
Community Development	888	825	(63)
Council Office	3,566	2,664	(902)
Legal	4,022	3,654	(368)
Mayor's Office	6,174	6,066	(108)
Personnel	2,919	2,669	(250)
Nondepartmental	56,801	53,786	(3,015)

**City of Birmingham, Alabama**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2009**  
**(in thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u> <u>Budget</u>
<b>Debt Service</b>			
Principal	3,235	5,400	2,165
Interest and fees	4,581	5,275	693
Capital outlays	30,982	44,672	13,690
<b>Total Expenditures</b>	<u>399,992</u>	<u>406,185</u>	<u>6,183</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures:</b>	<u>(390)</u>	<u>(27,636)</u>	<u>(27,236)</u>
<b>Other financing sources (uses)</b>			
Proceeds from capital lease		26,500	
Transfers in		1,689	
Transfers out		(23,255)	
<b>Total Other financing sources (uses)</b>		<u>4,935</u>	
<b>Net Change in Fund Balances</b>	<u>(390)</u>	<u>(22,701)</u>	
<b>Fund Balances - Beginning</b>	<u>117,482</u>	<u>117,482</u>	
<b>Fund Balances - Ending</b>	<u><u>117,092</u></u>	<u><u>94,781</u></u>	

## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

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

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

### **Debt Service Funds**

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

## **Nonmajor Governmental Funds**

### **Capital Projects Funds**

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

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

City of Birmingham, Alabama  
 Combined Balance Sheets  
 Nonmajor Governmental Funds  
 June 30, 2009  
 (in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	21,589	1,089	77,112	99,791
Cash with fiscal agent		2,217	140	2,357
Receivables:				
Accrued interest	59		16	75
Accrued taxes			138	138
Accounts (net of uncollectibles)	95			95
Notes (net of uncollectibles)	288			288
Loans	3,339			3,339
Due from other governments	901			901
Special assessments			10,169	10,169
Other	53			53
<b>Total Assets</b>	<b>26,325</b>	<b>3,306</b>	<b>87,575</b>	<b>117,206</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts and vouchers payable	1,612	329	1,094	3,033
Contracts payable-retainage	27	143	453	623
Accrued payroll and payroll taxes payable	187			187
Due to other funds	2	6,500		6,502
Deferred revenue	2,972		10,169	13,142
Other liabilities	64			64
<b>Total Liabilities</b>	<b>4,864</b>	<b>6,972</b>	<b>11,716</b>	<b>23,551</b>
<b>Fund Balances</b>				
Reserved for debt service				0
Reserved for future projects	23,308		75,860	99,168
Unrestricted	(1,847)	(3,666)		(5,513)
<b>Total Fund Balances</b>	<b>21,461</b>	<b>(3,666)</b>	<b>75,860</b>	<b>93,655</b>
<b>Total Liabilities and Fund Balances</b>	<b>26,325</b>	<b>3,306</b>	<b>87,575</b>	<b>117,206</b>

**City of Birmingham, Alabama**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2009**  
**(in thousands)**  
**(1 of 3)**

	<b>NON-MAJOR SPECIAL REVENUE FUNDS</b>							<b>NON-MAJOR DEBT SERVICE FUND</b>		
	NEIGHBORHOOD ALLOCATION	GRANTS FUND	TECHNOLOGY FUND	CORRECTIONS FUND	BWWB PROCEEDS	HUD BLOCK GRANT	HOME FUND	TOTAL SPECIAL REVENUE FUNDS	TAX INCREMENT FINANCING	TOTAL DEBT SERVICE FUNDS
<b>Assets</b>										
Cash and investments	16,083	(1,058)	29	4,089	2,911	(178)	(287)	21,589	1,089	1,089
Cash with fiscal agent									2,217	2,217
Receivables:										
Accrued interest	41		0	18				59		
Accrued taxes										
Accounts (net of uncollectibles)		95						95		
Notes (net of uncollectibles)	288					0		288		
Loans	494					2,845		3,339		
Due from other governments							901	901		
Special assessments										
Other	53							53		
<b>Total Assets</b>	<b>16,959</b>	<b>(963)</b>	<b>29</b>	<b>4,107</b>	<b>2,911</b>	<b>2,668</b>	<b>614</b>	<b>28,325</b>	<b>3,306</b>	<b>3,306</b>
<b>Liabilities and Fund Balances</b>										
Liabilities:										
Accounts and vouchers payable	145	199	6	25	67	568	601	1,612	329	329
Contracts payable-retainage				17		4	6	27	143	143
Accrued payroll and payroll taxes payable		21		50		109	6	187		
Due to other funds						2		2	6,500	6,500
Deferred revenue	333	655				1,984		2,972		
Other liabilities	55	10						64		
<b>Total Liabilities</b>	<b>533</b>	<b>884</b>	<b>6</b>	<b>91</b>	<b>67</b>	<b>2,668</b>	<b>614</b>	<b>4,864</b>	<b>6,972</b>	<b>6,972</b>
Fund Balances:										
Reserved for debt service									(3,666)	(3,666)
Reserved for future projects	16,425		23	4,016	2,844			23,308		
Unrestricted		(1,847)						(1,847)		
<b>Total Fund Balances</b>	<b>16,425</b>	<b>(1,847)</b>	<b>23</b>	<b>4,016</b>	<b>2,844</b>	<b>0</b>	<b>0</b>	<b>21,461</b>	<b>(3,666)</b>	<b>(3,666)</b>
<b>Total Liabilities and Fund Balances</b>	<b>16,959</b>	<b>(963)</b>	<b>29</b>	<b>4,107</b>	<b>2,911</b>	<b>2,668</b>	<b>614</b>	<b>26,325</b>	<b>3,306</b>	<b>3,306</b>

**City of Birmingham, Alabama**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2009**  
**(in thousands)**  
**(2 of 3)**

	<b>NON-MAJOR CAPITAL PROJECTS FUNDS (1 OF 2)</b>								
	PUBLIC IMPROVEMENT	1992 BONDS	1993 BONDS	1995 BONDS	1997 BONDS	1998-A BONDS	1998-A WARRANTS	1998-B WARRANTS	1999-B BONDS
<b>Assets</b>									
Cash and investments	515	56	647	669	1,572	102	1,042	1,071	470
Cash with fiscal agent									
Receivables:									
Accrued interest	1								
Accrued taxes	138								
Accounts (net of uncollectibles)									
Notes (net of uncollectibles)									
Loans									
Due from other governments									
Special assessments	10,169								
Other									
<b>Total Assets</b>	<u>10,823</u>	<u>56</u>	<u>647</u>	<u>669</u>	<u>1,572</u>	<u>102</u>	<u>1,042</u>	<u>1,071</u>	<u>470</u>
<b>Liabilities and Fund Balances</b>									
Liabilities:									
Accounts and vouchers payable									15
Contracts payable-retainage									12
Accrued payroll and payroll taxes payable									
Due to other funds									
Deferred revenue	10,169								
Other liabilities									
<b>Total Liabilities</b>	<u>10,169</u>								<u>27</u>
Fund Balances:									
Reserved for debt service									
Reserved for future projects	654	56	647	669	1,572	102	1,042	1,071	443
Unrestricted									
<b>Total Fund Balances</b>	<u>654</u>	<u>56</u>	<u>647</u>	<u>669</u>	<u>1,572</u>	<u>102</u>	<u>1,042</u>	<u>1,071</u>	<u>443</u>
<b>Total Liabilities and Fund Balances</b>	<u>10,823</u>	<u>56</u>	<u>647</u>	<u>669</u>	<u>1,572</u>	<u>102</u>	<u>1,042</u>	<u>1,071</u>	<u>470</u>

**City of Birmingham, Alabama**  
**Combining Balance Sheets**  
**Nonmajor Governmental Funds**  
**June 30, 2009**  
**(in thousands)**  
**(3 of 3)**

	2001-A SCHOOL WARRANTS	2002 BONDS	2004-A WARRANTS	2006-C WARRANTS	2007-B WARRANTS	2007-A BONDS	TOTAL CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR FUNDS
<b>Assets</b>								
Cash and investments	133	4,473	(2)	10,321	11,294	43,811	76,173	98,852
Cash with fiscal agent			140				140	2,357
Receivables:								
Accrued interest		14					16	75
Accrued taxes							138	138
Accounts (net of uncollectibles)								95
Notes (net of uncollectibles)								288
Loans								3,339
Due from other governments								901
Special assessments							10,169	10,169
Other								53
<b>Total Assets</b>	<u>133</u>	<u>4,487</u>	<u>138</u>	<u>10,321</u>	<u>11,294</u>	<u>43,811</u>	<u>87,575</u>	<u>116,267</u>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts and vouchers payable		26		583	1	343	969	3,033
Contracts payable-retainage		33		358	0	49	453	623
Accrued payroll and payroll taxes payable								187
Due to other funds								6,502
Deferred revenue							10,169	13,141
Other liabilities								64
<b>Total Liabilities</b>	<u>0</u>	<u>59</u>	<u></u>	<u>942</u>	<u>1</u>	<u>393</u>	<u>11,591</u>	<u>23,551</u>
<b>Fund Balances:</b>								
Reserved for debt service								(3,666)
Reserved for future projects	133	4,428	138	9,379	11,292	43,418	75,860	99,168
Unrestricted								(1,847)
<b>Total Fund Balances</b>	<u>133</u>	<u>4,428</u>	<u>138</u>	<u>9,379</u>	<u>11,292</u>	<u>43,418</u>	<u>75,860</u>	<u>93,655</u>
<b>Total Liabilities and Fund Balances</b>	<u>133</u>	<u>4,487</u>	<u>138</u>	<u>10,321</u>	<u>11,294</u>	<u>43,811</u>	<u>87,575</u>	<u>117,206</u>

**City of Birmingham, Alabama**  
**Combined Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2009**  
**(in thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes		1,703		1,703
Intergovernmental	18,161			18,161
Charges for services	74			74
Fines and forfeitures	1,622			1,622
Investment income	258	20	1,081	1,359
Other operating revenues	657		172	829
<b>Total Revenues</b>	<b>20,772</b>	<b>1,723</b>	<b>1,253</b>	<b>23,748</b>
<b>Expenditures</b>				
<b>Current Expenditures</b>				
Public safety	2,429		1,922	4,351
Street and sanitation	132		199	331
Cultural & recreational	131		208	339
General government	15,968	50	1,245	17,263
<b>Total current expenditures</b>	<b>18,660</b>	<b>50</b>	<b>3,574</b>	<b>22,284</b>
<b>Debt Service</b>				
Interest and fees		486		486
Capital outlays	7,941	5,872	23,359	37,172
<b>Total expenditures</b>	<b>26,601</b>	<b>6,408</b>	<b>26,933</b>	<b>59,942</b>
Excess (deficiency) of revenues over (under) expenditures	(5,829)	(4,685)	(25,681)	(36,194)
<b>Other financing sources (uses):</b>				
Transfers in	3,482			3,482
Transfers out	(2,494)	(1,786)		(4,280)
<b>Total other financing sources (uses)</b>	<b>988</b>	<b>(1,786)</b>		<b>(798)</b>
<b>Net Change in Fund Balances</b>	<b>(4,842)</b>	<b>(6,471)</b>	<b>(25,681)</b>	<b>(36,992)</b>
Fund Balances - Beginning	26,303	2,805	101,541	130,647
<b>Fund Balances - Ending</b>	<b>21,461</b>	<b>(3,666)</b>	<b>75,860</b>	<b>93,655</b>

City of Birmingham, Alabama  
**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2009**  
(in thousands)  
(1 of 3)

	NON-MAJOR SPECIAL REVENUE FUNDS							NON-MAJOR DEBT SERVICE FUND		
	NEIGHBORHOOD ALLOCATION	GRANTS FUND	TECHNOLOGY FUND	CORRECTIONS FUND	BWWB PROCEEDS	HUD BLOCK GRANT	HOME FUND	TOTAL SPECIAL REVENUE FUNDS	TAX INCREMENT FINANCING	TOTAL DEBT SERVICE FUNDS
<b>Revenues</b>										
Taxes									1,703	1,703
Intergovernmental	687	7,206				6,484	3,784	18,161		
Charges for services	74							74		
Fines and forfeitures			76	1,545				1,622		
Investment income	112			29	117			258	20	20
Other operating revenues	657							657		
<b>Total Revenues</b>	<b>1,530</b>	<b>7,206</b>	<b>76</b>	<b>1,575</b>	<b>117</b>	<b>6,484</b>	<b>3,784</b>	<b>20,772</b>	<b>1,723</b>	<b>1,723</b>
<b>Expenditures</b>										
Current Expenditures:										
Public safety	263	746	43	1,378				2,429		
Street and sanitation	34				98			132		
Cultural & recreational	123	8						131		
General government	2,118	2,424			1,197	6,481	3,748	15,968	50	50
<b>Total current expenditures</b>	<b>2,537</b>	<b>3,179</b>	<b>43</b>	<b>1,378</b>	<b>1,295</b>	<b>6,481</b>	<b>3,748</b>	<b>18,660</b>	<b>50</b>	<b>50</b>
Debt Service:										
Interest and fees								0	486	486
Capital outlays	143	5,874	32	329	1,524	3	37	7,941	5,872	5,872
<b>Total expenditures</b>	<b>2,680</b>	<b>9,053</b>	<b>74</b>	<b>1,707</b>	<b>2,818</b>	<b>6,484</b>	<b>3,784</b>	<b>26,601</b>	<b>6,408</b>	<b>6,408</b>
Excess (deficiency) of revenues over (under) e:	(1,150)	(1,847)	2	(132)	(2,702)	0	0	(5,829)	(4,685)	(4,685)
Other financing sources (uses):										
Transfers in	3,482							3,482		
Transfers out	(205)				(2,290)			(2,494)	(1,786)	(1,786)
<b>Total other financing sources (uses)</b>	<b>3,277</b>				<b>(2,290)</b>			<b>988</b>	<b>(1,786)</b>	<b>(1,786)</b>
<b>Net Change in Fund Balances</b>	<b>2,127</b>	<b>(1,847)</b>	<b>2</b>	<b>(132)</b>	<b>(4,992)</b>	<b>0</b>	<b>0</b>	<b>(4,842)</b>	<b>(6,471)</b>	<b>(6,471)</b>
Fund Balances - Beginning	14,299	0	21	4,148	7,836	0	0	26,303	2,805	2,805
<b>Fund Balances - Ending</b>	<b>16,425</b>	<b>(1,847)</b>	<b>23</b>	<b>4,016</b>	<b>2,844</b>	<b>0</b>	<b>0</b>	<b>21,461</b>	<b>(3,666)</b>	<b>(3,666)</b>

**CITY OF BIRMINGHAM, ALABAMA**  
**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2009**  
(in thousands)  
(2 of 3)

	<b>NON-MAJOR CAPITAL PROJECTS FUNDS (1 OF 2)</b>								
	PUBLIC IMPROVEMENT	1992 BONDS	1993 BONDS	1995 BONDS	1997 BONDS	1998-A BONDS	1998-A WARRANTS	1998-B WARRANTS	1999-B BONDS
<b>Revenues</b>									
Taxes									
Intergovernmental									
Charges for services									
Fines and forfeitures									
Investment income	79	2	4	9	18	1	10	11	5
Other operating revenues	28								
Total Revenues	<u>107</u>	<u>2</u>	<u>4</u>	<u>9</u>	<u>18</u>	<u>1</u>	<u>10</u>	<u>11</u>	<u>5</u>
<b>Expenditures</b>									
Current Expenditures:									
Public safety		37						32	14
Street and sanitation								20	
Cultural & recreational									
General government	1								
Total current expenditures	<u>1</u>	<u>37</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52</u>	<u>14</u>
Debt Service:									
Interest and fees									
Capital outlays		175		707	738	14		218	318
Total expenditures	<u>1</u>	<u>212</u>	<u>0</u>	<u>707</u>	<u>738</u>	<u>14</u>	<u>0</u>	<u>270</u>	<u>332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>106</u>	<u>(211)</u>	<u>4</u>	<u>(698)</u>	<u>(720)</u>	<u>(13)</u>	<u>10</u>	<u>(258)</u>	<u>(327)</u>
Other financing sources (uses):									
Transfers in									
Transfers out									
Total other financing sources (uses)									
Net Change in Fund Balances	106	(211)	4	(698)	(720)	(13)	10	(258)	(327)
Fund Balances - Beginning	548	267	643	1,367	2,292	115	1,032	1,330	770
Fund Balances - Ending	<u>654</u>	<u>56</u>	<u>647</u>	<u>669</u>	<u>1,573</u>	<u>102</u>	<u>1,042</u>	<u>1,071</u>	<u>443</u>

**CITY OF BIRMINGHAM, ALABAMA**  
**Combining Statements of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2009**  
**(in thousands)**  
**(3 of 3)**

	<b>NON-MAJOR CAPITAL PROJECTS FUNDS (2 OF 2)</b>							<b>TOTAL CAPITAL PROJECTS FUNDS</b>	<b>TOTAL NONMAJOR FUNDS</b>
	<b>2000-A WARRANTS</b>	<b>2001-A SCHOOL WARRANTS</b>	<b>2002 BONDS</b>	<b>2004-A WARRANTS</b>	<b>2006-C WARRANTS</b>	<b>2007-B WARRANTS</b>	<b>2007-A BONDS</b>		
<b>Revenues</b>									
Taxes									1,703
Intergovernmental									18,161
Charges for services									74
Fines and forfeitures									1,622
Investment income	12	2	81	(37)	168	93	625	1,081	1,359
Other operating revenues							144	172	829
<b>Total Revenues</b>	<b>12</b>	<b>2</b>	<b>81</b>	<b>(37)</b>	<b>168</b>	<b>93</b>	<b>769</b>	<b>1,253</b>	<b>23,748</b>
<b>Expenditures</b>									
Current Expenditures:									
Public safety	65		266				1,507	1,922	4,351
Street and sanitation			180					199	331
Cultural & recreational			18			31	159	208	339
General government			24		558	327	335	1,245	17,263
<b>Total current expenditures</b>	<b>65</b>	<b>0</b>	<b>488</b>	<b>0</b>	<b>558</b>	<b>358</b>	<b>2,001</b>	<b>3,574</b>	<b>22,284</b>
Debt Service:									
Interest and fees									486
Capital outlays	710	90	1,870	10	12,381	9	6,120	23,359	37,172
<b>Total expenditures</b>	<b>775</b>	<b>90</b>	<b>2,358</b>	<b>10</b>	<b>12,939</b>	<b>367</b>	<b>8,121</b>	<b>26,933</b>	<b>59,942</b>
Excess (deficiency) of revenues over (under) expenditures	(763)	(89)	(2,277)	(47)	(12,771)	(274)	(7,352)	(25,681)	(36,194)
Other financing sources (uses):									
Transfers in									3,482
Transfers out									(4,280)
<b>Total other financing sources (uses)</b>									<b>(798)</b>
<b>Net Change in Fund Balances</b>	<b>(763)</b>	<b>(89)</b>	<b>(2,277)</b>	<b>(47)</b>	<b>(12,771)</b>	<b>(274)</b>	<b>(7,352)</b>	<b>(25,681)</b>	<b>(36,992)</b>
Fund Balances - Beginning	1,577	222	6,705	185	22,151	11,567	50,770	101,541	130,647
Fund Balances - Ending	814	133	4,428	138	9,379	11,292	43,418	75,860	93,655

# Statistical Section

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

## Financial Trends

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

## Revenue Capacity

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

## Debt Capacity

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

## Demographic and Economic Information

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

## Operating Information

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



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

Table A-1

	Fiscal Year Ended June 30,							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities:</b>								
Invested in capital assets, net of related debt	\$46,665	\$78,637	\$62,685	(\$18,295)	\$53,708	\$73,876	\$74,322	\$65,727
Restricted	93,059	117,253	114,982	361,917	205,388	271,686	277,817	264,602
Unrestricted	<u>271,655</u>	<u>181,986</u>	<u>168,581</u>	<u>(25,033)</u>	<u>24,187</u>	<u>(91,459)</u>	<u>(78,863)</u>	<u>(88,588)</u>
<b>Total governmental activities net assets</b>	<b>411,379</b>	<b>377,876</b>	<b>346,248</b>	<b>318,589</b>	<b>283,283</b>	<b>254,103</b>	<b>\$273,276</b>	<b>\$241,741</b>
<b>Business-type activities:</b>								
Invested in capital assets, net of related debt	933	871	784	764	942	922	901	1,022
Unrestricted	<u>795</u>	<u>844</u>	<u>540</u>	<u>290</u>	<u>(8)</u>	<u>74</u>	<u>(464)</u>	<u>(1,167)</u>
<b>Total business-type activities net assets</b>	<b>1,728</b>	<b>1,715</b>	<b>1,324</b>	<b>1,054</b>	<b>934</b>	<b>996</b>	<b>437</b>	<b>(145)</b>
<b>Primary Government:</b>								
Invested in capital assets, net of related debt	47,598	79,508	63,469	(17,531)	54,650	74,798	75,223	66,749
Restricted	93,059	117,253	114,982	361,917	205,388	271,686	277,817	264,602
Unrestricted	<u>272,450</u>	<u>182,830</u>	<u>169,121</u>	<u>(24,743)</u>	<u>24,179</u>	<u>(91,385)</u>	<u>(79,327)</u>	<u>(89,755)</u>
<b>Total primary government net assets</b>	<b><u>\$413,107</u></b>	<b><u>\$379,591</u></b>	<b><u>\$347,572</u></b>	<b><u>\$319,643</u></b>	<b><u>\$284,217</u></b>	<b><u>\$255,099</u></b>	<b><u>\$273,713</u></b>	<b><u>\$241,596</u></b>

Source: City Finance Department Data

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

Table A-2  
(1 of 2)

	2002	Fiscal Year Ended June 30,		2005
	2003	2004		
<b>Expenses:</b>				
<b>Governmental activities:</b>				
General government	\$73,183	\$91,771	\$84,411	\$94,662
Public safety	175,491	140,226	138,260	160,097
Streets & sanitation	70,472	93,381	97,657	80,229
Culture & recreation	40,012	41,657	39,359	39,047
Interest on long-term debt	10,633	15,115	13,179	13,000
<b>Total governmental activities expenses</b>	<u>369,791</u>	<u>382,150</u>	<u>372,866</u>	<u>387,035</u>
<b>Business-type activities:</b>				
E-911 Services	3,196	3,168	3,471	3,258
<b>Total primary government expenses</b>	<u>\$372,987</u>	<u>\$385,318</u>	<u>\$376,337</u>	<u>\$390,293</u>
<b>Program Revenues:</b>				
<b>Governmental activities:</b>				
<b>Charges for services</b>				
<b>General government:</b>				
Business licenses & permits	43,164	46,811	48,687	50,334
Non-business licenses & permits	3,841	3,947	4,089	5,288
Public safety	22,130	18,821	18,736	18,328
Streets & sanitation	1,683	1,275	1,438	1,533
Culture & recreation	1,589	1,316	1,195	999
Operating grants and contributions	20,684	13,385	18,051	13,797
<b>Total governmental activities program revenues</b>	<u>93,091</u>	<u>85,555</u>	<u>92,196</u>	<u>90,279</u>
<b>Business-type activities:</b>				
E-911 Services	3,102	3,126	3,058	2,954
<b>Total primary government program revenues</b>	<u>\$96,193</u>	<u>\$88,681</u>	<u>\$95,254</u>	<u>\$93,233</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(\$276,700)	(\$296,595)	(\$280,670)	(\$296,756)
Business-type activities	(94)	(42)	(413)	(304)
	<u>(\$276,794)</u>	<u>(\$296,637)</u>	<u>(\$281,083)</u>	<u>(\$297,060)</u>
<b>General Revenues and Other Changes in Net Assets:</b>				
<b>Governmental activities:</b>				
<b>Taxes:</b>				
Sales and use taxes	\$103,834	\$101,434	\$100,608	\$107,271
Occupational taxes	63,051	64,522	65,537	69,346
Property taxes	42,058	42,858	48,596	50,618
Unrestricted grants and contributions	18,101	18,249	18,434	21,618
Investment earnings	17,647	18,023	9,304	12,562
Other	25,817	18,006	6,563	7,682
<b>Total governmental activities</b>	<u>270,508</u>	<u>263,092</u>	<u>249,042</u>	<u>269,097</u>
<b>Business-type activities:</b>				
Investment earnings	44	29	22	34
<b>Total primary government</b>	<u>\$270,552</u>	<u>\$263,121</u>	<u>\$249,064</u>	<u>\$269,131</u>
<b>Change (decrease) in Net Assets:</b>				
Governmental activities	(\$6,192)	(\$33,503)	(\$31,628)	(\$27,659)
Business-type activities	(50)	(13)	(391)	(270)
<b>Total primary government</b>	<u>(\$6,242)</u>	<u>(\$33,516)</u>	<u>(\$32,019)</u>	<u>(\$27,929)</u>

Source: City Finance Department Data

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

Table A-2  
(2 of 2)

	Fiscal Year Ended June 30,			
	2006	2007	2008	2009
<b>Expenses:</b>				
<b>Governmental activities:</b>				
General government	\$122,163	\$106,000	\$ 88,799	\$ 121,554
Public safety	181,014	163,704	163,149	169,083
Streets & sanitation	68,749	95,381	93,821	121,848
Culture & recreation	38,547	42,222	43,895	36,132
Interest on long-term debt	22,414	23,989	27,643	25,381
<b>Total governmental activities expenses</b>	<b>432,887</b>	<b>431,296</b>	<b>417,307</b>	<b>473,998</b>
<b>Business-type activities:</b>				
E-911 Services	3,157	3,196	3,935	4,044
<b>Total primary government expenses</b>	<b>\$436,044</b>	<b>\$434,492</b>	<b>\$421,242</b>	<b>\$478,042</b>
<b>Program Revenues:</b>				
<b>Governmental activities:</b>				
<b>Charges for services</b>				
<b>General government:</b>				
Business licenses & permits	54,951	60,002	85,721	91,493
Non-business licenses & permits	5,613	5,347	5,342	4,506
Public safety	17,244	17,327	14,739	17,502
Streets & sanitation	1,706	1,971	1,450	1,577
Culture & recreation	977	1,252	1,275	1,341
Operating grants and contributions	8,221	18,606	19,830	15,094
<b>Total governmental activities program revenues</b>	<b>88,712</b>	<b>104,505</b>	<b>128,357</b>	<b>131,513</b>
<b>Business-type activities:</b>				
E-911 Services	2,998	3,156	3,308	3,447
<b>Total primary government program revenues</b>	<b>\$91,710</b>	<b>\$107,661</b>	<b>\$131,665</b>	<b>\$134,960</b>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(\$344,175)	(\$326,791)	(\$288,950)	(\$342,485)
Business-type activities	(159)	(40)	(627)	(597)
	<b>(\$344,334)</b>	<b>(\$326,831)</b>	<b>(\$289,577)</b>	<b>(\$343,082)</b>
<b>General Revenues and Other Changes in Net Assets:</b>				
<b>Governmental activities:</b>				
<b>Taxes:</b>				
Sales and use taxes	\$109,085	\$109,665	\$129,732	\$131,904
Occupational taxes	72,297	75,269	76,918	76,325
Property taxes	52,669	54,920	62,698	61,663
Unrestricted grants and contributions	19,585	23,853	19,975	26,060
Investment earnings	10,834	21,168	10,684	(4,201)
Other	10,189	12,736	8,116	8,407
<b>Total governmental activities</b>	<b>274,659</b>	<b>297,611</b>	<b>308,123</b>	<b>300,158</b>
<b>Business-type activities:</b>				
Investment earnings	39	102	68	15
<b>Total primary government</b>	<b>\$274,698</b>	<b>\$297,713</b>	<b>\$308,191</b>	<b>\$300,173</b>
<b>Change (decrease) in Net Assets:</b>				
Governmental activities	(\$69,516)	(\$29,180)	\$19,173	(\$42,327)
Business-type activities	(120)	62	(559)	(582)
<b>Total primary government</b>	<b>(\$69,636)</b>	<b>(\$29,118)</b>	<b>\$18,614</b>	<b>(\$42,909)</b>

Source: City Finance Department Data

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

Table A-3

	Fiscal Year Ended June 30,							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>								
Reserved	\$6,193	\$6,892	\$5,417	\$13,969	\$7,584	\$10,448	\$11,417	\$280
Unreserved	85,653	81,120	78,316	60,209	70,389	85,368	106,065	94,501
<b>Total general fund</b>	<u>\$91,846</u>	<u>\$88,012</u>	<u>\$83,733</u>	<u>\$74,178</u>	<u>\$77,973</u>	<u>\$95,816</u>	<u>\$117,482</u>	<u>\$94,781</u>
<b>Other Governmental Funds:</b>								
Reserved, reported in:								
Special revenue funds	\$102,791	\$267,364	\$250,697	\$216,063	\$160,123	\$134,246	\$113,754	\$96,755
Debt service funds	64,356	64,246	61,310	53,097	46,674	45,394	44,216	40,175
Capital projects funds	85,732	132,461	106,470	99,964	76,151	155,487	160,696	138,479
	<u>252,879</u>	<u>464,071</u>	<u>418,477</u>	<u>369,124</u>	<u>282,948</u>	<u>335,127</u>	<u>318,666</u>	<u>275,409</u>
Unreserved, reported in:								
Special revenue funds	(3,522)	(2,351)	(3,618)	(2,663)	(1,744)	(2,278)	(2,484)	(1,847)
Debt service funds	(1,738)	(2,889)	(274)					(3,666)
Capital projects funds			(502)	(731)	(102)			
	<u>(5,260)</u>	<u>(5,240)</u>	<u>(4,394)</u>	<u>(3,394)</u>	<u>(1,846)</u>	<u>(2,278)</u>	<u>(2,484)</u>	<u>(5,513)</u>
<b>Total other governmental funds</b>	<u>\$247,619</u>	<u>\$458,831</u>	<u>\$414,083</u>	<u>\$365,730</u>	<u>\$281,102</u>	<u>\$332,849</u>	<u>\$433,664</u>	<u>\$364,677</u>

Source: City Finance Department Data

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

Table A-4

	Fiscal Year Ended June 30,							
	2002	2003	2004	2005	2006	2007	2008	2009
<b>REVENUES:</b>								
Taxes	\$208,943	\$208,814	\$214,741	\$227,235	\$234,051	\$239,854	\$269,348	\$276,738
Licenses and permits	51,743	50,758	52,776	55,622	60,564	65,349	91,063	87,525
Intergovernmental	38,785	31,568	30,428	33,699	39,273	41,669	39,805	41,327
Charges for services	15,806	16,300	16,776	16,119	15,746	16,432	12,927	14,069
Fines and forfeitures	4,858	5,112	4,593	4,741	4,181	4,118	4,537	7,944
Investment income	17,648	18,038	9,304	12,562	10,834	21,168	10,684	(4,199)
Other operating revenues	16,642	16,752	7,213	6,862	5,471	9,934	8,157	7,622
<b>TOTAL REVENUES</b>	<b>354,425</b>	<b>347,342</b>	<b>335,831</b>	<b>356,840</b>	<b>370,120</b>	<b>398,524</b>	<b>436,521</b>	<b>431,026</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Public safety	131,523	136,268	137,803	140,215	145,688	148,485	155,120	177,188
Street and sanitation	68,485	71,283	71,401	77,573	68,483	64,359	66,788	52,414
Cultural and recreational	38,741	40,429	38,138	37,854	38,547	40,752	42,480	34,990
General government	71,718	87,219	81,859	91,708	126,133	102,804	82,681	118,030
Other	3,585	1,852			416	242	139	
<b>Total current operations</b>	<b>314,052</b>	<b>337,051</b>	<b>329,201</b>	<b>347,350</b>	<b>379,267</b>	<b>356,642</b>	<b>347,208</b>	<b>382,622</b>
<b>Debt service:</b>								
Principal	10,835	24,041	9,345	19,457	23,669	24,918	27,424	25,935
Interest	16,462	17,528	16,350	18,180	15,975	20,508	25,418	24,204
<b>Total debt service</b>	<b>27,297</b>	<b>41,569</b>	<b>25,695</b>	<b>37,637</b>	<b>39,644</b>	<b>45,426</b>	<b>52,842</b>	<b>50,139</b>
<b>Capital outlays</b>	<b>47,827</b>	<b>32,405</b>	<b>53,474</b>	<b>31,079</b>	<b>38,075</b>	<b>34,641</b>	<b>31,749</b>	<b>93,751</b>
<b>Warrant/Bond issue costs</b>	<b>2,132</b>	<b>2,604</b>	<b>545</b>	<b>217</b>	<b>541</b>	<b>11,772</b>		
<b>TOTAL EXPENDITURES</b>	<b>391,308</b>	<b>413,629</b>	<b>408,915</b>	<b>416,283</b>	<b>457,527</b>	<b>448,481</b>	<b>431,799</b>	<b>526,513</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(36,883)</b>	<b>(66,287)</b>	<b>(73,084)</b>	<b>(59,443)</b>	<b>(87,407)</b>	<b>(49,957)</b>	<b>4,722</b>	<b>(95,487)</b>
<b>Other financing sources (uses):</b>								
Proceeds from sale of property	5,017	197,000	568	887	4,812	4,634	278	
Issuance of warrants/bonds	139,475	135,735	23,490	8,985	28,230	316,880		
Capital lease		4,409		431	1,845			26,500
Premiums/(discounts)on warrants/bonds	6,721	6,035		(35)	1,767	12,300		
Payment to escrow agent	(144,064)	(69,514)		(8,733)	(30,080)	(214,267)		
Transfers in	38,819	229,415	32,809	63,764	49,221	40,559	69,971	63,250
Transfers out	(38,819)	(229,415)	(32,809)	(63,764)	(49,221)	(40,559)	(69,971)	(63,250)
<b>Net other financing sources</b>	<b>7,149</b>	<b>273,665</b>	<b>24,058</b>	<b>1,535</b>	<b>6,574</b>	<b>119,547</b>	<b>278</b>	<b>26,500</b>
<b>Net change in fund balances</b>	<b>(29,734)</b>	<b>207,378</b>	<b>(49,026)</b>	<b>(57,908)</b>	<b>(80,833)</b>	<b>69,590</b>	<b>5,000</b>	<b>(68,987)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>7.60%</b>	<b>11.70%</b>	<b>7.10%</b>	<b>10.50%</b>	<b>10.00%</b>	<b>11.60%</b>	<b>14.20%</b>	<b>13.10%</b>

Source: City Finance Department Data

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

Table B-1

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 *</u>	<u>2009</u>
<b>Sales and Use Tax Revenue</b>	<b>\$103,834</b>	<b>\$101,834</b>	<b>\$100,608</b>	<b>\$107,271</b>	<b>\$109,085</b>	<b>\$109,665</b>	<b>\$129,732</b>	<b>\$131,904</b>
<b>Percentage Change from Prior Year</b>	<b>-2.36%</b>	<b>-1.93%</b>	<b>-1.20%</b>	<b>6.62%</b>	<b>1.69%</b>	<b>0.53%</b>	<b>18.30%</b>	<b>1.67%</b>
<b>Breakdown of Sales/Use Tax By Industry Type:</b>								
Apparel	5,583	6,150	5,594	5,950	5,001	6,298	6,402	6,190
Automotive, RV's, Motor Homes	10,290	10,150	9,419	9,154	8,581	9,951	10,787	9,845
Building & Construction Related	8,710	8,976	10,013	11,103	10,241	11,836	11,423	14,551
Communications	1,505	1,506	1,794	1,481	1,520	1,886	2,182	2,677
Equipment & Machinery	8,262	8,228	9,422	9,633	8,636	10,680	10,758	10,884
Food and Restaurants	20,135	19,680	18,809	18,436	16,239	18,661	15,853	23,804
Furniture and Furnishings	2,145	2,409	2,261	2,457	2,154	2,804	2,852	3,447
Insurance, Finance, Real Estate	951	673	1,022	811	459	528	2,071	2,751
Medical	1,889	2,262	2,874	2,418	1,332	1,647	1,958	3,556
Personal Services, Entertainment	8,624	7,869	7,891	7,508	6,483	7,615	7,588	6,623
All Other Industries	35,740	33,531	31,509	38,320	48,439	37,759	57,858	47,576
	<u>103,834</u>	<u>101,434</u>	<u>100,608</u>	<u>107,271</u>	<u>109,085</u>	<u>109,665</u>	<u>129,732</u>	<u>131,904</u>

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

Source: City of Birmingham Revenue Division

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

Table B-2

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Breakdown of Tax Revenues:</b>								
Sales and Use Tax	\$103,834	\$101,434	\$100,608	\$107,271	\$109,085	\$109,665	\$129,732	\$131,904
Occupational Tax	63,051	64,522	65,537	69,346	72,297	75,269	76,918	76,325
Property Tax	<u>42,058</u>	<u>42,858</u>	<u>48,596</u>	<u>50,618</u>	<u>52,669</u>	<u>54,920</u>	<u>62,698</u>	<u>61,663</u>
	<u>\$ 208,943</u>	<u>\$208,814</u>	<u>\$214,741</u>	<u>\$227,235</u>	<u>\$234,051</u>	<u>\$239,854</u>	<u>\$269,348</u>	<u>\$269,892</u>
<b>% of Sales &amp; Use to Total Taxes</b>	49.69%	48.58%	46.85%	47.21%	46.61%	45.72%	48.17%	48.87%

Source: Finance Department Data

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

Table C-1

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>General Obligation Warrants</b>	<b>Revenue Warrants</b>	<b>Capital Leases</b>	<b>Total</b>	<b>Personal Income</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
2002	295,100,000	213,870,000	13,000,000	11,432,000	533,402,000	3,803,289,660	14.02%	\$2,197
2003	354,000,000	196,060,000	13,000,000	11,442,000	574,502,000	3,803,289,660	15.11%	\$2,366
2004	344,655,000	212,695,000	13,000,000	0	570,350,000	3,803,289,660	15.00%	\$2,349
2005	325,340,000	205,935,000	12,430,000	417,000	544,122,000	3,803,289,660	14.31%	\$2,241
2006	309,920,000	197,435,000	11,835,000	2,094,000	521,284,000	3,803,289,660	13.71%	\$2,147
2007	353,750,000	237,885,000	11,210,000	1,690,000	604,535,000	3,803,289,660	15.90%	\$2,490
2008	337,120,000	229,445,000	7,365,000	1,266,000	575,196,000	3,803,289,660	15.12%	\$2,369
2009	318,045,000	219,805,000	7,365,000	27,331,000	572,546,000	3,803,289,660	15.05%	\$2,358

Source: City Finance Department data

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

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

Table C-2

Fiscal Year	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						
1999	1990	265,968	2,293,311,948	485,510,000	60,754,000	424,756,000	18.52%	\$1,597
2000	2000	242,820	2,150,472,432	539,555,000	58,724,000	480,831,000	22.36%	\$1,980
2001	2000	242,820	2,197,436,352	521,970,000	60,704,000	461,266,000	20.99%	\$1,900
2002	2000	242,820	2,271,867,532	563,060,000	59,400,000	503,660,000	22.17%	\$2,074
2003	2000	242,820	2,422,011,707	570,350,000	58,850,000	511,500,000	21.12%	\$2,106
2004	2000	242,820	2,515,810,000	543,705,000	51,208,000	492,497,000	19.58%	\$2,028
2005	2000	242,820	2,567,735,000	519,190,000	45,161,000	474,029,000	18.46%	\$1,952
2006	2000	242,820	2,783,467,000	602,845,000	44,153,000	558,692,000	20.07%	\$2,301
2007	2000	242,820	2,814,119,158	566,565,000	43,205,000	523,360,000	18.60%	\$2,155
2008	2000	242,820	2,677,578,333	537,850,000	40,175,000	497,675,000	18.59%	\$2,050

\* Source: Jefferson County Tax Assessor

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

Table C-3

Assessment Date October 1,	Real Property *		Personal Property *		Automobile **		Total Assessed Value	Total Estimated True Value	Ratio of Assessed Value to Estimated True Value
	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value	Assessed Value	Estimated True Value			
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%
2005	1,821,769	11,612,895	479,231	2,396,157	266,735	1,778,233	2,567,735	15,787,286	16.26%
2006	1,983,605	14,118,995	514,362	2,571,800	285,500	1,903,333	2,783,467	18,594,128	14.97%
2007	1,958,533	17,084,105	570,350	2,873,013	285,237	1,901,580	2,814,120	21,858,698	12.80%
2008	2,094,837	20,948,370	582,742	2,913,710	280,204	1,868,027	2,957,783	25,730,107	11.49%

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%

**Schedule of Direct and Overlapping Debt**  
**Last Eight Fiscal Years**  
(dollars in thousands)

Table C-4

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Direct Debt</b>								
City of Birmingham:								
Gross bonded debt and warrants outstanding	\$521,970	\$563,060	\$570,350	\$543,705	\$519,190	\$602,845	\$566,565	\$537,850
Less debt service funds net assets	(60,704)	(59,400)	(58,850)	(51,208)	(45,161)	(44,153)	(43,205)	(40,175)
Direct Debt	461,266	503,660	511,500	492,497	\$474,029	\$558,692	\$523,360	\$497,675
<b>Overlapping Debt</b>								
Jefferson County, Alabama overlapping debt <sup>1</sup>	284,551	268,230	297,830	330,825	1,359,650	293,670	4,460,127	1,328,870
Jefferson County Board of Education <sup>2</sup>	165,128	165,128	159,347	157,004	139,583	131,989	124,682	113,302
Total bonds and warrants outstanding	449,679	433,358	457,177	487,829	1,499,233	425,659	4,584,809	1,442,172
% of debt applicable to City of Birmingham	36.40%	36.40%	36.40%	36.40%	36.40%	36.40%	36.40%	36.40%
City of Birmingham Debt Burden	163,683	157,742	166,412	177,570	545,721	154,940	1,668,870	524,951
Shelby County, Alabama					46,550	46,550	60,220	
Shelby County, Alabama Board of Education <sup>3</sup>	151,921	144,480	136,972	129,814	115,415	161,418	177,068	180,732
	151,921	144,480	136,972	129,814	161,965	207,968	237,288	180,732
% of debt applicable to City of Birmingham	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
City of Birmingham Debt Burden	2,279	2,167	2,055	1,947	2,429	3,120	3,559	2,711
<b>Total Direct and Overlapping Debt</b>	<b>\$627,228</b>	<b>\$663,570</b>	<b>\$679,967</b>	<b>\$672,014</b>	<b>\$1,022,179</b>	<b>\$716,751</b>	<b>\$1,672,430</b>	<b>\$527,662</b>

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

The figures for Jefferson County, the Jefferson County Board of Education, and the Shelby County Board of Education are for their fiscal years ended 9/30/05.

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

Source: Jefferson County Director of Finance

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

Source: Jefferson County Board of Education

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

Source: Shelby County Director of Finance Education

City of Birmingham, Alabama  
Property Taxes - Direct and Overlapping Governments

Table C-5

City of Birmingham and Jefferson and Shelby Counties  
(Per \$100 of Assessed Value)  
Last Ten Fiscal Years

Fiscal Year	City of Birmingham					Jefferson County				
	General Fund	Debt Service Fund	Board of Education Fund	Library	Total	County	County Schools	Total	State of Alabama	Total Tax
1998	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
1999	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2000	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2001	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2002	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2003	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2004	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2005	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2006	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2007	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2008	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95

Source: Jefferson County Tax Assessor

Fiscal Year	City of Birmingham					Shelby County				
	General Fund	Debt Service Fund	Board of Education Fund	Library	Total	County	County Schools	Total	State of Alabama	Total Tax
1997	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
1998	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
1999	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2000	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2001	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2002	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2003	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2004	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2005	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2006	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2007	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2008	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22

Source: Shelby County Tax Assessor

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

Table C-6

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed value of real and personal property <sup>1</sup>	<u>\$2,197,436,352</u>	<u>\$2,150,472,432</u>	<u>\$2,422,011,707</u>	<u>\$2,515,810,000</u>	<u>\$2,567,735,000</u>	<u>\$2,783,467,000</u>	<u>\$2,814,119,158</u>	<u>\$2,677,578,333</u>
Debt limit, 20% of assessed property value (see note below)	439,487,270	430,094,486	484,402,341	503,162,000	513,547,000	556,693,400	562,823,832	535,515,667
Outstanding general obligation bonds and warrants	521,970,000	563,060,000	570,350,000	543,705,000	519,190,000	602,845,000	566,565,000	537,850,000
Less exemption for schools and sewer bonds	(192,349,000)	(201,509,000)	(178,171,623)	(189,122,423)	(178,483,266)	(178,766,338)	(173,478,022)	(167,604,797)
Less debt service fund balances	<u>(60,704,000)</u>	<u>(59,400,000)</u>	<u>(58,850,000)</u>	<u>(51,208,000)</u>	<u>(45,161,000)</u>	<u>(44,153,000)</u>	<u>(32,372,282)</u>	<u>(40,175,000)</u>
Net outstanding general obligation bonds and warrants	<u>268,917,000</u>	<u>302,151,000</u>	<u>333,328,377</u>	<u>303,374,577</u>	<u>295,545,734</u>	<u>379,925,662</u>	<u>360,714,696</u>	<u>330,070,203</u>
Legal debt margin	<u>\$170,570,270</u>	<u>\$127,943,486</u>	<u>\$151,073,964</u>	<u>\$199,787,423</u>	<u>\$218,001,266</u>	<u>\$176,767,738</u>	<u>\$202,109,136</u>	<u>\$205,445,464</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, Alabama  
Property Taxes Levied and Collected for  
Birmingham, Jefferson and Shelby Counties  
Last Ten Fiscal Years

Table C-7

City of Birmingham				
Beginning October 1	Assessed Valuation	Total Taxes Levied	Uncollectible at Sale Date	
			Amount	Percentage
1999	2,118,433,717	51,753,527	203,417	0.39%
2000	1,935,101,332	47,038,556	234,328	0.50%
2001	1,942,139,212	50,637,230	365,764	0.72%
2002	1,929,418,765	52,780,331	679,324	1.29%
2003	2,170,886,167	59,048,850	692,802	1.17%
2004	2,265,446,818	61,440,447	362,036	0.59%
2005	2,301,000,783	62,890,413	504,279	0.80%
2006	2,498,447,476	67,656,797	532,474	0.79%
2007	2,528,862,000	71,922,590	986,925	1.37%
2008	2,677,578,333	76,769,099	1,547,294	2.01%

Jefferson County				
Beginning October 1	Assessed Valuation	Total Taxes Levied	Uncollectible at Sale Date	
			Amount	Percentage
1999	5,684,682,452	349,807,893	633,356	0.18%
2000	5,523,608,900	340,759,254	897,388	0.26%
2001	5,596,211,994	351,730,297	1,169,066	0.33%
2002	5,771,213,901	365,507,555	2,879,114	0.79%
2003	6,506,073,106	420,329,739	2,610,384	0.62%
2004	6,355,450,405	445,840,218	1,523,732	0.34%
2005	6,692,146,321	469,456,560	2,180,748	0.46%
2006	7,236,058,226	509,403,085	2,293,305	0.45%
2007	7,744,422,000	545,472,944	4,083,319	0.75%
2008	8,238,988,223	580,123,421	9,107,002	1.56%

Shelby County				
Beginning October 1	Assessed Valuation	Total Taxes Levied	Uncollectible at Sale Date	
			Amount	Percentage
1999	1,435,400,100	71,537,000	2,201,200	3.08%
2000	1,478,400,100	77,733,000	194,700	0.25%
2001	1,595,590,500	80,076,800	1,720,600	2.15%
2002	1,688,065,200	84,633,100	2,048,200	2.42%
2003	1,754,022,160	104,069,970	347,557	0.33%
2004	1,874,130,720	110,323,626	253,097	0.23%
2005	2,339,693,320	109,863,446	371,368	0.34%
2006	2,552,332,600	134,938,720	556,708	0.41%
2007	2,473,177,100	155,886,284	916,959	0.58%
2008	3,094,599,060	163,609,020	411,233	0.25%

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

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

Table C-8

Assessed Entity	Fiscal Year Ended June 30, 2009			Fiscal Year Ended June 30, 2000		
	Total Assessed	% of Total		Total Assessed	% of Total	
	Value of Property Within City Limits	Rank	Property Taxes Collected	Value of Property Within City Limits	Rank	Property Taxes Collected
Alabama Power Company	\$114,292,060	1	5.54%	\$91,896,520	1	7.00%
Bellsouth Telecommunications	55,919,260	2	2.71%	57,770,920	3	4.70%
American Cast Iron & Pipe Company	40,970,072	3	1.75%	20,547,797	7	1.56%
Regions Bank	30,350,830	4	1.47%			
SL Regions LLC	20,894,760	5	1.01%			
Affinity Hospital LLC	19,690,176	6	0.95%			
Alabama Gas Corporation	17,907,480	7	0.86%	15,068,420	9	1.10%
CMMC Development Company	17,036,760	8	0.82%			
Chase Bank of Texas NA	16,044,760	9	0.77%	14,722,900	10	1.12%
Tish Robert Preston	15,759,380	10	0.76%			
A T & T Communications				24,842,500	6	1.89%
Murray-Ash Communications				15,703,560	8	1.19%
Big B Inc				51,114,930	4	3.89%
Energen Corporation				35,558,340	5	2.70%
Parisians Inc.				81,214,332	2	6.15%
	<u>\$348,865,538</u>		<u>17.69%</u>	<u>\$408,440,219</u>		<u>31.30%</u>

Source: Jefferson and Shelby Counties Tax Collectors

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

Table E-1

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government:</b>										
City Clerk	9	9	9	9	8	8	8	12	12	12
City Council	40	45	45	43	43	43	44	44	44	44
Community Development	8	8	8	11	11	11	11	11	11	11
Finance	116	119	119	119	116	119	118	117	111	115
Law	31	33	33	35	34	38	36	35	34	34
Mayor's Office	53	54	56	48	53	53	53	67	65	82
Equipment Management	89	89	89	89	86	86	86	86	83	83
Information Management Services	46	62	62	61	58	65	61	61	55	45
Personnel	16	18	18	18	17	18	19	38	35	35
<b>Public Safety:</b>										
Planning, Engineering, & Permits	227	233	232	235	226	225	213	204	194	194
Communications	16	0	0	0	0	0	0	0	0	0
Fire	688	688	688	689	687	687	723	709	709	709
Parole & Probation	11	11	11	11	10	10	10	10	10	10
Police	1,207	1,210	1,216	1,217	1,187	1,187	1,179	1,181	1,181	1,232
Municipal Court	62	63	65	71	67	66	64	66	63	61
Traffic Engineering	89	89	89	89	86	86	84	86	84	84
<b>Police:</b>										
Officers	916	917	917	892	862	864	859	859	859	909
Civilians	291	293	299	325	327	323	620	320	322	373
<b>Fire:</b>										
Officers	628	628	628	628	628	628	648	648	648	648
Civilians	60	60	60	60	58	58	75	61	61	61
<b>Environmental &amp; Streets:</b>										
Street & Sanitation	1,008	0	0	0	0	0	0	0	0	0
Public Works	0	1,012	1,165	1,204	1,177	1,174	1,166	1,164	1,088	1071
Horticulture & Urban Forestry	153	153	0	0	0	0	0	0	0	0
<b>Culture &amp; Recreation:</b>										
State Fairgrounds	0	0	0	2	1	1	1	5	5	5
Auditorium	39	39	39	39	34	34	23	23	21	21
Arlington	9	8	8	8	8	8	7	12	12	12
Library	300	300	300	308	305	305	305	300	300	326
Museum of Art	35	35	32	32	30	30	28	42	42	42
Parks & Recreation	280	280	280	278	264	265	263	269	305	303
Southern Museum of Flight	6	6	6	6	6	6	6	9	9	9
Sloss Furnaces	18	18	18	18	17	17	14	14	14	14
<b>Totals</b>	<b>4,556</b>	<b>4,582</b>	<b>4,588</b>	<b>4,640</b>	<b>4,531</b>	<b>4,542</b>	<b>4,522</b>	<b>4,565</b>	<b>4,487</b>	<b>4,554</b>

Source: City Budget Office

Note: Economic Development Office was merged with the Mayor's Office in FY 2000.

Communications Department was merged with IMS Department in FY 1999

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

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

Table E-2

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009
Police precincts	4	4	4	4	4	4	4	4
Police substations	6	6	6	6	6	6	6	6
Fire stations	30	30	30	30	31	31	31	31
Miles of sewers:								
Sanitary	890	890	890	890	1,411	1,411	1,411	1,411
Storm	475	475	475	475	691	691	691	691
Street lights	28,000	28,000	28,000	28,000	28,000	28,000	39,000	39,000
Traffic signals	700	700	700	700	700	700	710	710
Street miles	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Parks & recreation:								
# of Parks	106	106	106	106	106	106	111	111
Acreage of Parks	2,137	2,137	2,137	2,137	2,137	2,137	2,635	2,635
Recreation/community centers	18	18	18	18	18	18	18	18
Playgrounds	73	73	73	73	73	73	79	79
Baseball/softball fields	45	45	45	45	45	45	40	40
Soccer/football fields	18	18	18	18	18	18	15	15
Libraries:								
Central	1	1	1	1	1	1	1	1
Branches	19	19	19	19	19	19	19	19

Source: Various City departments