

CITY OF
BIRMINGHAM, ALABAMA



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2008

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

CITY OF BIRMINGHAM, ALABAMA

FOR THE FISCAL YEAR ENDED

JUNE 30, 2008

OFFICE OF THE DIRECTOR OF FINANCE
Steve F. Sayler
Director

**City of Birmingham, Alabama
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008**

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- **Certificate of Achievement-
Government Finance Officers Association**
- **City of Birmingham Organization Chart**



**OFFICIALS OF THE CITY OF BIRMINGHAM
JUNE 30, 2008**

**MAYOR
Larry P. Langford**

**CITY COUNCIL
Carole Smitherman, President
*District 6***

Joel Montgomery	<i>District 1</i>	William A. Bell, Sr.	<i>District 5</i>
Carol Reynolds	<i>District 2</i>	Miriam Witherspoon	<i>District 7</i>
Valerie A. Abbott	<i>District 3</i>	Steven W. Hoyt	<i>District 8</i>
Maxine H. Parker	<i>District 4</i>	Roderick V. Royal	<i>District 9</i>

DEPARTMENT HEADS

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



LARRY P. LANGFORD
MAYOR

CITY OF BIRMINGHAM

DEPARTMENT OF FINANCE

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

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

STEVE F. SAYLER
DIRECTOR

December 30, 2008

To the Honorable Larry P. Langford, Mayor,
City Council Members,
Citizens of the City of Birmingham

The Comprehensive Annual Financial Report (the CAFR) for the City of Birmingham's fiscal year ended June 30, 2008, is hereby submitted. This CAFR is the official comprehensive publication of the City's financial position at June 30, 2008. The City is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. To the best of our knowledge and belief, the enclosed CAFR is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included.

CITY PROFILE

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

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

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

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

REPORTING ENTITY

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

ECONOMIC CONDITIONS AND OUTLOOK

The City of Birmingham serves as the economic center for the metropolitan area and has a diverse economy which continues to show signs of increased economic activity as evidenced by several economic development projects that are planned and underway. The projects are expected to increase revenue and provide jobs which will continue to lower unemployment, currently below the national median. The City of Birmingham continues to be strengthened by the University of Alabama Medical Center, the City's largest employer with approximately 19,000 jobs. The City has a strong banking presence. This sector includes Regions Bank, which recently acquired AmSouth Bancorp. The merger is expected to add approximately 400 jobs in the metropolitan area with a significant number being added to locations within the City. An expansion of \$75 million to the University of Alabama at Birmingham Hospital and Women's and Children Center along with a \$150 million expansion project underway at St. Vincent's Hospital are indicators of the growth, importance and long term commitment to the healthcare sector in the City.

The City of Birmingham increased its sales and use tax and business license fee rates effective January 1, 2008. Revenue derived from the rate increases will be used to fund the City's Economic and Community Revitalization Plan (the Plan). The Plan is an initiative developed by the Mayor and adopted by the City Council. The purpose of the Plan is to provide funding for the following key initiatives:

- Creation of a scholarship program for City of Birmingham students**
- Economic development to attract new businesses and to retain and expand existing companies**
- Improve transit in the City of Birmingham**
- Fund a multi-purpose convention and entertainment center**
- Neighborhood revitalization through capital improvements**
- Improvements and enhancements in public safety**

These strategic initiatives have been vigorously embraced by the City's leadership and have been identified as being vital in helping to stimulate growth and ensure the long term economic health of the City.

The City is committed to stimulating economic growth and has played a significant role in the development of several projects designed to increase revenue. An example is the opening of the new Eastwood Mall retail center, anchored by a

Wal-Mart Supercenter, which is a new addition to the City. The new shopping center includes other national retail stores and restaurants. The shopping center is expected to generate approximately \$2.4 million in new revenue annually. In addition to the retail sector, the City continues to experience an increase in housing development and park improvements. Several single family housing and apartment developments are underway. Park improvements are highlighted by the development of the \$50 million Rail Road Reservation Park which is designed to connect the City's downtown with its bustling south side. Also, plans are underway to provide additional resources and re-invigorate efforts to redevelop many of the City's historic neighborhood business districts.

FUTURE INITIATIVES

As part of the Plan the City is completing the design of the renovation of the Five Points West section of the City. Developers will provide commercial, retail and housing components of the project and the City will provide the basic infrastructure and an Olympic size natatorium and an equestrian arena. The already budgeted investment by the city is in excess of \$50 million.

The City has entered into a development agreement to retain the Trinity Hospital previously known as Baptist Medical Center Montclair within the city limits. The hospital has previously considered moving outside of the City. The agreement will provide the hospital and the developer of the property a sharing of future increased revenue created on the new campus of the hospital and the surrounding developed area.

The City has entered into a similar future revenue increase sharing with The Children's Hospital of Alabama for the construction of their new \$500 million inpatient hospital. In addition to the City sharing half of the increased tax collections with the hospital, the hospital has agreed to share half of their income stream with the charitable foundation related to Blue Cross of Alabama which provides health services to the uninsured in the City.

OTHER FINANCIAL INFORMATION

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

Section 3.18 of the Mayor-Council Act requires an independent audit of the financial records by a certified public accounting firm. The City's financial statements for June 30, 2008, have been audited by Banks, Finley, White & Company, Certified Public Accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Birmingham's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this CAFR.

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

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

ACHIEVEMENTS

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Birmingham for its CAFR for the fiscal year ended June 30, 2007.

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 Certificate for the last 31 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to GFOA for consideration.

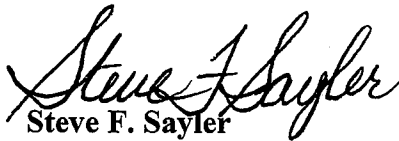
Additionally, the City's budget report for fiscal year beginning July 1, 2007, was awarded the Government Finance Officer's Association Award for Distinguished Budget Presentation. In order to receive this award, a

governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The City believes its current budget report also meets the above criteria, and we have submitted it to the GFOA for consideration.

ACKNOWLEDGMENT

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Steve F. Saylor".

Steve F. Saylor
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, 2007

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.



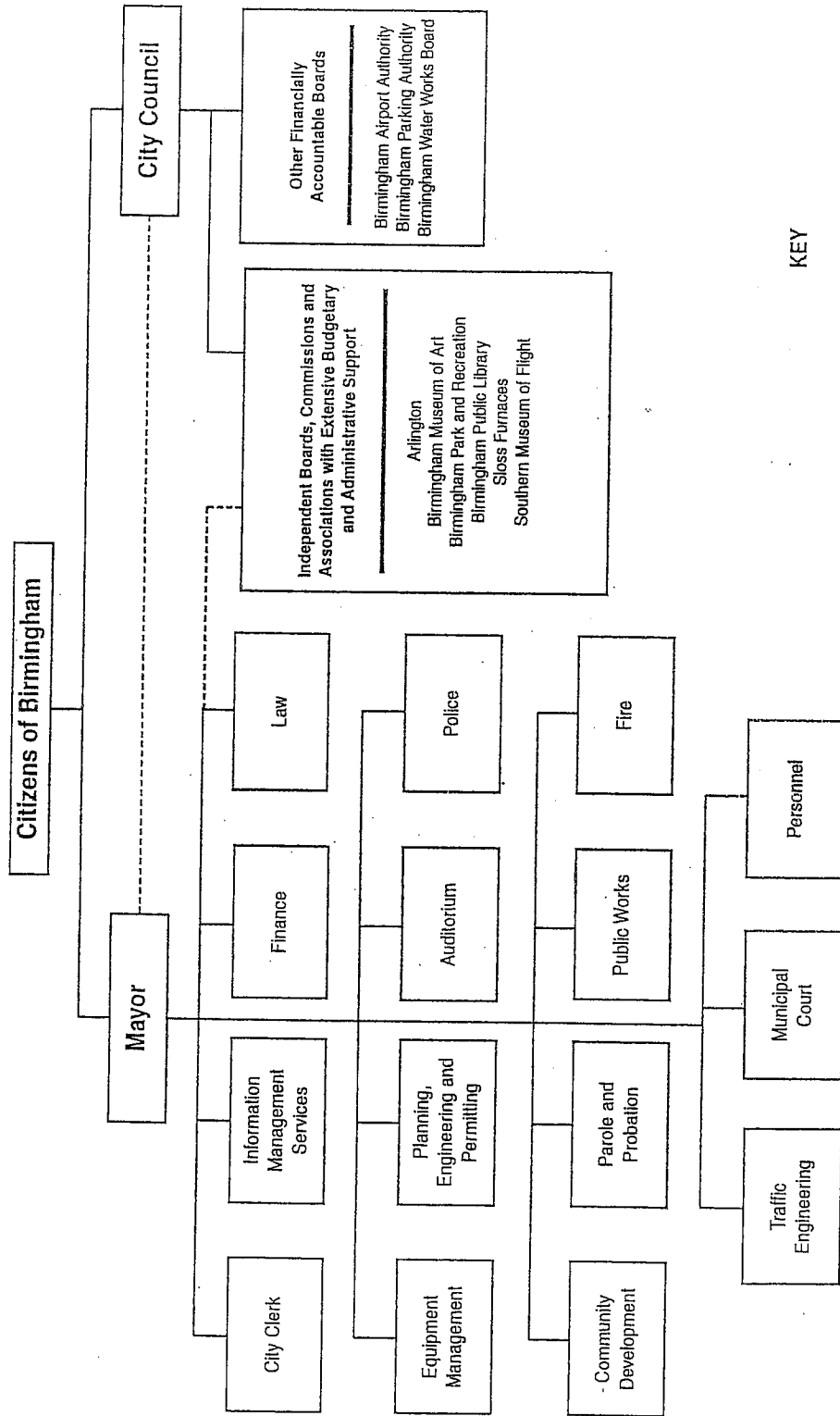
Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

City of Birmingham, Alabama Organization Chart



KEY

- Indicates appointive authority and management oversight
- - - Indicates administrative and budgetary support only

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, 2008, 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 and revenues constituting 1.7% and 10.8%, respectively of the related consolidated totals. 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, based on our report and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the respective budgetary comparison for the General Fund of the City, as of June 30, 2008, 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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 13 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, combining and individual nonmajor fund financial statements, the budgetary comparison schedule, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedule 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 statement and, accordingly, we express no opinion on them.

December 30, 2008

Banks, Finley White & Co

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Birmingham, Alabama (City), we invite our readers to review this overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008 (fiscal year 2008). Its purpose is to provide an introduction and overview readers should use to interpret and analyze the City's basic financial statements and financial activities based upon currently known facts, decisions and conditions. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's net assets were \$273,276,000 for governmental activities and \$437,000 for business-type activities at June 30, 2008. This reflects an increase in governmental activities' net assets of \$19,173,000, or 7.5% from fiscal year 2007.
- During fiscal year 2008, the City received \$436,480,000 in taxes and other revenues, which represents an increase of \$34,364,000 from fiscal year 2007. This increase is attributable to increased revenues from business licenses and sales and use taxes.
- Total expenditures for the year were \$417,307,000, which represent a decrease of \$13,989,000 (3.2%) from fiscal year 2007. The major factor contributing to this overall decrease was due to the expending of most of the remainder of the Birmingham Water Works Proceeds to meet the obligation due to the Birmingham Board of Education. The expenditures in this non-major Special Revenue Fund decreased by approximately \$14 million in FY 2008.
- General fund operating revenues exceeded operating expenditures by \$53,957,000 for the fiscal year. Increases in sales and use tax,

business licenses, and property taxes accounted for the majority of the increase.

- The City has one business-type activity, the Emergency Management Communications District (E911). Revenues are generated through charges assessed for E911 services. Total revenues received were \$3,376,000 and expenditures were \$3,935,000, resulting in a net loss of \$559,000 for fiscal year 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

Fund Financial Statements

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

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

Governmental funds

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

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

In fiscal year 2008, the City reported as major funds the general fund, the Birmingham Fund, the debt reserve fund, and the debt service fund. The other funds the City maintains were 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 on pages 25-26 of this report.

The City adopts an annually appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 22-24 of this report.

Proprietary funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

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

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

The basic proprietary fund financial statements can be found on pages 29-31 of this report.

Fiduciary funds

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in the notes to the financial statements for the pension funds beginning on page 57 of this report. The combining statements referred to earlier in connection statements can be found on pages 84-95 of this report.

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

Table of Financial Statements

Fund Financial Statements

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

**GOVERNMENT-WIDE CONDENSED
FINANCIAL INFORMATION**

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

The City's restricted net assets of approximately \$278 million are subject to bond and warrant covenants and by federal and state grant requirements. Overall, the City's total net assets increased by approximately \$19 million in fiscal year 2008. For additional details on the reconciliation between the two basis, see page xx of the report.

There was a decrease in net assets of \$559,000 in the Emergency Management Communication District, Emergency Management Communication District, an enterprise fund, which is the City's sole business-type fund. The increase in expenditures for the District occurred due to an increase in personnel costs to maintain the operations of the District.

Condensed Statement of Net Assets

The following table presents a condensed statement of the City's net assets at June 30, 2008 and 2007:

Table 2

CONDENSED STATEMENT OF NET ASSETS
June 30, 2008 and 2007
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	<u>06/30/08</u>	<u>06/30/07</u>	<u>06/30/08</u>	<u>06/30/07</u>	<u>06/30/08</u>	<u>06/30/07</u>
Current and other assets	\$577,935	583,708	(463)	177	577,472	583,885
Capital assets, net	<u>354,054</u>	<u>361,657</u>	<u>901</u>	<u>922</u>	<u>354,955</u>	<u>362,579</u>
Total assets	<u>931,989</u>	<u>945,365</u>	<u>438</u>	<u>1,099</u>	<u>932,427</u>	<u>946,464</u>
Current and other liabilities	61,875	63,574	1	103	61,876	63,677
Long-term liabilities	<u>596,838</u>	<u>627,688</u>			<u>596,838</u>	<u>627,688</u>
Total liabilities	<u>658,713</u>	<u>691,262</u>	<u>1</u>	<u>103</u>	<u>658,714</u>	<u>691,365</u>
Net assets:						
Invested in capital assets, net of related debt	74,322	73,876	901	922	75,223	74,798
Restricted	277,817	271,686			277,817	271,686
Unrestricted	<u>(78,863)</u>	<u>(91,459)</u>	<u>(464)</u>	<u>74</u>	<u>(79,327)</u>	<u>(91,385)</u>
Net assets	<u>\$273,276</u>	<u>254,103</u>	<u>437</u>	<u>996</u>	<u>273,713</u>	<u>255,099</u>

Classification of net assets as of June 30, 2007, has been restated to reflect a reclassification of unspent bond proceeds.

TABLE 3

CONDENSED STATEMENT OF CHANGES IN NET ASSETS
For Years Ended June 30, 2008 and 2007
(in thousands)

	Changes in Net Assets					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>6/30/08</u>	<u>06/30/07</u>	<u>06/30/08</u>	<u>06/30/07</u>	<u>06/30/08</u>	<u>06/30/07</u>
REVENUES:						
Program revenues:						
Charges for services	\$108,527	85,899	3,308	3,156	111,835	89,055
Operating grants	19,830	18,606			19,830	18,606
General revenues:						
Sales and use tax	129,732	109,665			129,732	109,665
Occupational tax	76,918	75,269			76,918	75,269
Property tax	62,698	54,920			62,698	54,920
Unrestricted grants and contributions	19,975	23,853			19,975	23,853
Investment earnings	10,684	21,168	68	102	10,752	21,270
Other	<u>8,116</u>	<u>12,736</u>			<u>8,116</u>	<u>12,736</u>
Total revenues	<u>436,480</u>	<u>402,116</u>	<u>3,376</u>	<u>3,258</u>	<u>439,856</u>	<u>405,374</u>
EXPENSES:						
Program expenses:						
General government	88,799	106,000			88,799	106,000
Public safety	163,149	163,704	3,935	3,196	167,084	166,900
Streets and sanitation	93,821	95,381			93,821	95,381
Culture and recreation	43,895	42,222			43,895	42,222
Interest on long-term debt	<u>27,643</u>	<u>23,989</u>			<u>27,643</u>	<u>23,989</u>
Total expenses	<u>417,307</u>	<u>431,296</u>	<u>3,935</u>	<u>3,196</u>	<u>421,242</u>	<u>434,492</u>
Increase (Decrease) in net assets	19,173	(29,180)	(559)	62	18,614	(29,118)
Beginning net assets	<u>254,103</u>	<u>283,283</u>	<u>996</u>	<u>934</u>	<u>255,099</u>	<u>284,217</u>
Ending net assets	<u>\$273,276</u>	<u>\$254,103</u>	<u>\$437</u>	<u>\$996</u>	<u>\$273,713</u>	<u>\$255,099</u>

As shown in this table, the City's revenues from its governmental activities increased by 8.5% from the prior fiscal year. The increase was the result of increases in sales and use taxes, business licenses, and property taxes. Expenses decreased by 3.2% mainly due to decreased spending in a special revenue fund.

The business-type activity of the City had a \$559,000 decrease in net assets. Expenditures increased \$738,000 for fiscal year 2008.

FUND ANALYSIS

Changes in fund balance for the major governmental funds for the fiscal year ended June 30, 2008 are as follows:

	Beginning Fund <u>Balance</u>	Increases (Decrease)	Ending Fund <u>Balance</u>
General Fund	\$95,816	\$ 21,666	\$117,482
Birmingham Fund	85,323	(355)	84,968
General Bond Debt Reserve	42,427	(973)	41,454
General Bond Debt Service	1,726	25	1,751
Total	\$225,292	\$ 20,363	\$245,655

Governmental Funds

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

The Fund balance of the General Fund increased due to an increase in sales and other taxes.

Other factors contributing to the increase in overall fund balance include:

The City continued expending the proceeds from the sale of the Birmingham Water Works assets for construction of school

projects resulting in a decline in the fund of approximately \$20 million.

Overall, there was minimal change in fund balances for the other funds.

The Statement of Revenues, Expenditures, and Changes in Fund Balances for Nonmajor Governmental Funds provides additional details for the changes in specific funds. This statement can be found on page 90.

Budget Variances in the General Fund

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

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital Asset Activity

At June 30, 2008 the City of Birmingham reported \$354,054,000 in net capital assets, including its infrastructure, for governmental activities. The business-type activity reported \$901,000 in net capital assets. The notes to the financial statements on pages 48 & 49 report more information on capital assets including the changes that occurred during the fiscal year.

Long-term Debt Activity

At June 30, 2008, the City of Birmingham had \$573,930,000 total debt outstanding for its bonds and warrants payable; of this, \$545,215,000 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 Rating Service, Moody's Investor's Service, Inc. and Fitch Investor's Service, L.P., respectively. The rating agencies cite the City's broad and diverse economy, including strong service, financial, and trade sectors as factors contributing to the strong rating. Noted also is the City's current policy of maintaining reserve balances equal to 15% of expenditures; currently, reserves equal approximately 26% of expenditures.

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

ECONOMIC FACTORS AFFECTING THE CITY OF BIRMINGHAM AND THE 2009 BUDGET INFORMATION

The City of Birmingham and other municipal governments are continually faced with the ongoing challenge of delivering quality service in an ever-changing economic environment. Sound fiscal management and consistent overall growth in revenue have enabled the City to meet its obligations, maintain quality service and achieve

budgeted revenue and expenditure projections.

The City's Fiscal Year 2009 Operating and Capital budgets were prepared in accordance with sound budget practices. We believe that these estimates are reasonable and anticipate that actual revenue and expenditures for Fiscal Year 2009 will closely approximate budgeted amounts.

REQUEST FOR INFORMATION

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

Basic Financial Statements

City of Birmingham, Alabama
Statement of Net Assets
June 30, 2008
(in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
CURRENT ASSETS				
Unrestricted Assets:				
Cash and investments	\$414,520	\$2,943	\$417,463	\$18,257
Cash with escrow agent	1,146		1,146	
Receivables:				
Accrued interest	1,445		1,445	
Accrued taxes receivable	26,469		26,469	
Accounts (net of uncollectibles)	9,113		9,113	672
Notes (net of uncollectibles)	318		318	
Loans	2,924		2,924	
Due from other governments	3,653		3,653	1,304
Special assessments	9,315		9,315	
Interfund balances	3,417	(3,417)	0	
Inventories	1,804		1,804	
Prepaid items	428	11	439	455
Due from component unit	1,323		1,323	
Other current assets	117		117	
Total unrestricted assets	475,992	(463)	475,529	20,688
Restricted assets:				
Cash and cash equivalents				12,363
Investments				5,989
Accounts and grants receivable				882
Accrued interest receivable				30
Total restricted assets				19,264
Total current assets	475,992	(463)	475,529	39,952
NONCURRENT ASSETS				
Other assets:				
Deferred charges	29,088		29,088	1,313
Due from other governments	72,855		72,855	
Total other assets	101,943		101,943	1,313
Capital assets:				
Land	137,398		137,398	107,103
Buildings and capital facilities	193,779	1,025	194,804	106,303
Furniture and other equipment	145,672	2,237	147,909	9,421
Accumulated depreciation	(211,926)	(2,361)	(214,287)	(62,174)
Infrastructure	193,541		193,541	122,114
Accumulated depreciation, infrastructure	(106,448)		(106,448)	(59,814)
Construction in progress	2,038		2,038	112,080
Net capital assets	354,054	901	354,955	335,033
Total noncurrent assets	455,997	901	456,898	336,346
TOTAL ASSETS	\$931,989	\$438	\$932,427	\$376,298

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

City of Birmingham, Alabama
Statement of Net Assets
June 30, 2008
(in thousands)

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
LIABILITIES				
CURRENT LIABILITIES				
Payable from unrestricted assets:				
Accounts and vouchers payable	\$4,970	1	\$4,971	\$841
Contracts payable	17		17	
Contracts payable-retainage	247		247	
Accrued payroll and payroll taxes payable	11,160		11,160	183
Due to primary government				1,323
Estimated claims payable	3,087		3,087	
Other liabilities	5,895		5,895	
Interest payable	6,354		6,354	
Current maturities of long-term liabilities:				
Capitalized leases	430		430	
Compensated absences	1,000		1,000	36
Bonds and warrants payable	28,715		28,715	
Total payable from unrestricted assets	<u>61,875</u>	<u>1</u>	<u>61,876</u>	<u>2,383</u>
Payable from restricted assets:				
Contracts payable				264
Accrued interest payable				1,420
Current portion of revenue bonds payable				3,640
Total payable from restricted assets				<u>5,324</u>
Total current liabilities	<u>61,875</u>	<u>1</u>	<u>61,876</u>	<u>7,707</u>
Long-term liabilities:				
Capitalized leases	836		836	
Compensated absences	13,896		13,896	535
Bonds and warrants payable, net	564,842		564,842	72,197
Closure and postclosure costs	7,614		7,614	
Workers' compensation claims payable	2,836		2,836	
OPEB liability	6,814		6,814	
Total long-term liabilities	<u>596,838</u>		<u>596,838</u>	<u>72,732</u>
TOTAL LIABILITIES	<u>658,713</u>	<u>1</u>	<u>658,714</u>	<u>80,439</u>
NET ASSETS				
Invested in capital assets, net of related debt	74,322	901	75,223	260,509
Restricted for:				
Restricted for debt service	114,252		114,252	10,721
Restricted for future projects	163,565		163,565	6,860
Unrestricted	<u>(78,863)</u>	<u>(464)</u>	<u>(79,327)</u>	<u>17,769</u>
TOTAL NET ASSETS	<u>273,276</u>	<u>437</u>	<u>273,713</u>	<u>295,859</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$931,989</u>	<u>\$438</u>	<u>\$932,427</u>	<u>\$376,298</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, 2008
(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	
Functions:								
Primary Government:								
Governmental activities:								
General government	\$ 88,799	\$ 91,063	\$ 19,830		\$ 22,094		\$ 22,094	
Public safety	163,149	14,739			(148,410)		(148,410)	
Streets & sanitation	93,821	1,450			(92,371)		(92,371)	
Culture & recreation	43,895	1,275			(42,620)		(42,620)	
Interest on long-term debt	27,643				(27,643)		(27,643)	
Total governmental activities	417,307	108,527	19,830		(288,950)		(288,950)	
Business-type activities:								
Emergency Management Communication District	3,935	3,308				(627)	(627)	
Total business-type activities	3,935	3,308				(627)	(627)	
Total primary government	421,242	111,835	19,830		(288,950)	(627)	(289,577)	
Component Units:								
Birmingham Airport Authority	32,099	34,568		17,250				19,719
Birmingham Parking Authority	5,976	6,013						37
Total component units	38,075	40,581		17,250				19,756
General revenues:								
Sales and use tax					129,732		129,732	
Occupational tax					76,918		76,918	
Property tax					62,698		62,698	
Grants and contributions-unrestricted					19,975		19,975	
Unrestricted investment earnings					10,684	68	10,752	825
Other					8,116		8,116	(2,894)
Total general revenues					308,123	68	308,191	(2,069)
Change in net assets					19,173	(559)	18,614	17,687
Net assets, beginning of year					254,103	996	255,099	278,172
Net assets, end of year					\$273,276	\$437	\$273,713	\$295,859

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

City of Birmingham, Alabama
Balance Sheet
Governmental Funds
For the Year Ended June 30, 2008
(in thousands)

	General	Birmingham Fund	General Bond Debt Reserve	General Bond Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$142,837	\$84,460	\$41,119	\$1,751	\$ 144,353	\$414,520
Cash with fiscal agent					1,146	1,146
Receivables:						
Accrued interest	499	508	335		103	1,445
Accrued taxes	26,469					26,469
Accounts (net of uncollectibles)	8,744				369	9,113
Notes (net of uncollectibles)	318					318
Loans					2,924	2,924
Due from other governments			76,390		118	76,508
Special assessments					9,315	9,315
Due from other funds	6,616				48,259	54,875
Due from component units	1,323					1,323
Inventories	1,804					1,804
Prepaid items	428					428
Other	64				53	117
TOTAL ASSETS	189,102	84,968	117,844	1,751	206,640	600,305
LIABILITIES AND FUND BALANCES						
Accounts and vouchers payable	2,251				2,719	4,970
Contracts payable					17	17
Contracts payable-retainage					247	247
Accrued payroll and payroll taxes	11,105				55	11,160
Due to other funds	48,764				3,199	51,963
Deferred revenue	573		76,390		12,339	89,302
Estimated claims payable	3,087					3,087
Other liabilities	5,840				55	5,895
TOTAL LIABILITIES	71,620		76,390		18,631	166,641
FUND BALANCES:						
Reserved for encumbrances	10,989	219			41,733	52,941
Reserved for debt service			41,454	1,751	1,011	44,216
Reserved for prepaid items	428					428
Reserved for capital projects		84,749			147,749	232,498
Unreserved reported in:						
General fund	106,065					106,065
Special revenue funds					(2,484)	(2,484)
TOTAL FUND BALANCES	117,482	84,968	41,454	1,751	188,009	433,664
TOTAL LIABILITIES AND FUND BALANCES	189,102	84,968	117,844	1,751	206,640	
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						354,054
Long-term liabilities are not due and payable in the current period and are not reported in the funds						(604,249)
Deferred revenues are not recognized until available in the funds						89,302
Interfund eliminations						505
NET ASSETS OF GOVERNMENTAL ACTIVITIES						273,276

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, 2008
(in thousands)

	General	Birmingham Fund	General Bond Debt Reserve	General Bond Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$235,204		30,137		4,007	\$269,348
Licenses and permits	91,063					91,063
Intergovernmental	15,066				24,739	39,805
Charges for services	12,927					12,927
Fines and forfeitures	4,537					4,537
Investment income	3,210	429	2,308		4,737	10,684
Other operating revenues	6,224				1,933	8,157
TOTAL REVENUES	368,231	429	32,445		35,416	436,521
EXPENDITURES:						
Current:						
Public safety	155,120					155,120
Street and sanitation	66,234	88			466	66,788
Cultural and recreational	42,070	112			298	42,480
General government	44,567	584			37,530	82,681
Other				139		139
Total current operations	307,991	784		139	38,294	347,208
Debt service:						
Principal	715			16,173	10,536	27,424
Interest and fees	5,568			17,081	2,769	25,418
Total debt service	6,283			33,254	13,305	52,842
Capital outlays					31,749	31,749
TOTAL EXPENDITURES	314,274	784		33,393	83,348	431,799
Excess (deficiency) of revenues over (under) expenditures	53,957	(355)	32,445	(33,393)	(47,932)	4,722
Other financing sources (uses):						
Proceeds from sale of property	278					278
Transfers in				33,418	36,553	69,971
Transfers out	(32,569)		(33,418)		(3,984)	(69,971)
Net other financing sources (uses)	(32,291)		(33,418)	33,418	32,569	278
Net change in fund balances	21,666	(355)	(973)	25	(15,363)	5,000
Fund balances, beginning of year	95,816	85,323	42,427	1,726	203,372	428,664
Fund balances, end of year	\$117,482	\$84,968	\$41,454	\$1,751	\$188,009	\$433,664

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, 2008
(in thousands)

Net change, increase, in fund balances - total governmental funds	\$	5,000
<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:</p>		
Reclassify new additions to general fixed assets	5,972	
Reclassify changes to infrastructure	2,098	
Depreciation on general fixed assets	(9,572)	
Depreciation on infrastructure	(5,738)	(7,240)
<hr style="border: 0.5px solid black;"/>		
The repayment of principal of long-term debt uses current resources of governmental funds but has no effect on net assets		26,788
<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>		
OPEB liability	(6,814)	
Change in worker's compensation liability	4,364	
Change in compensated absences	(929)	
Change in closure and postclosure costs	(46)	
Amortization of deferred charges	(807)	
Change in interest payable	(301)	(4,533)
<hr style="border: 0.5px solid black;"/>		
Revenue not recognized until future years		975
Revenue recognized in a prior year		(931)
Elimination of interfund receivable		(523)
Loss on disposal of fixed assets		(363)
<hr style="border: 0.5px solid black;"/>		
Change, increase, in net assets of governmental activities		<u><u>\$19,173</u></u>

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

City of Birmingham, Alabama
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2008
(in thousands)

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$217,135	\$235,135	\$235,204	\$69
Licenses and permits	67,182	95,181	91,063	(4,118)
Intergovernmental	14,922	15,417	15,066	(351)
Charges for services	15,455	18,313	16,345	(1,968)
Fines and forfeitures	4,042	4,042	4,537	495
Other operating revenues	9,864	6,807	9,193	2,386
Total revenues	<u>328,600</u>	<u>374,895</u>	<u>371,408</u>	<u>(3,487)</u>
Expenditures:				
Public safety	163,989	165,363	158,342	(7,021)
Environment and street	71,611	74,198	66,301	(7,897)
Cultural and recreation	35,510	42,486	41,287	(1,199)
General government	57,490	76,215	52,044	(24,171)
Total expenditures	<u>328,600</u>	<u>358,262</u>	<u>317,974</u>	<u>(40,288)</u>
Excess revenue over expenditures		<u>\$16,633</u>	53,434	<u>\$36,801</u>
Other financing uses			<u>(32,291)</u>	
Excess of revenues over expenditures & other uses			21,143	
Fund balance, beginning of year			<u>86,748</u>	
Fund balance, end of year			<u>\$107,891</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, 2008
(in thousands)

ASSETS	
Current assets:	
Cash and investments	\$2,943
Prepaid items	11
Total current assets	2,954
Property, plant, and equipment:	
Buildings and systems	1,025
Machinery and equipment	2,188
Furniture and fixtures	49
Less accumulated depreciation	(2,361)
Total property, plant, and equipment	901
TOTAL ASSETS	\$3,855
LIABILITIES	
Current liabilities:	
Accounts payable	\$1
Due to other funds	3,417
TOTAL LIABILITIES	3,418
NET ASSETS	
Invested in capital assets	901
Unrestricted	(464)
NET ASSETS	437
TOTAL LIABILITIES AND NET ASSETS	\$3,855

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, 2008
(in thousands)

OPERATING REVENUES:	
Service fees	<u>\$3,308</u>
OPERATING EXPENSES:	
Public safety	3,417
General and administrative	51
Repairs and maintenance	446
Depreciation	21
Total operating expenses	<u>3,935</u>
Operating loss	(627)
NONOPERATING REVENUES:	
Interest income	<u>68</u>
Net loss	(559)
Net assets, beginning of year	<u>996</u>
Net assets, end of year	<u><u>\$437</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, 2008
(in thousands)

Cash flows from operating activities:	
Cash received from customers	\$3,308
Cash payments to suppliers	(2,905)
Cash payments to employees	(51)
Net cash from operating activities	352
Cash flows from investing activities:	
Interest received	68
Net increase in cash and cash equivalents	420
Cash and investments, beginning of year	2,523
Cash and investments, end of year	\$2,943
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	(\$627)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	21
Change in prepaid items	1
Change in accounts payable and contracts payable	(102)
Change in due to other funds	1,059
Net cash from operating activities	\$352

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, 2008
(in thousands)

ASSETS:	
Cash and cash equivalents	\$20,554
Receivables:	
Members	330
Member loans	10,496
Interest and dividends	6,208
Due from other funds	508
Investments, at fair value:	
U. S. Government obligations	266,202
Domestic corporate bonds	182,160
Domestic stocks	467,840
TOTAL ASSETS	954,298
LIABILITIES	
Accounts payable and other	924
NET ASSETS	
Held in trust for future pension benefits	\$953,374

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, 2008
(in thousands)

ADDITIONS:	
Contributions:	
Employer contributions	\$15,560
Plan member contributions	14,055
Total contributions	<u>29,615</u>
Investment income:	
Investment earnings	(31,929)
Securities lending	2,628
	<u>(29,301)</u>
Less investment expenses	3,504
Net investment income	<u>(32,805)</u>
Other income	<u>537</u>
TOTAL ADDITIONS	<u>(2,653)</u>
DEDUCTIONS:	
Benefits	62,120
Refunds of contributions	1,557
Administrative expenses	1,211
	<u>64,888</u>
TOTAL DEDUCTIONS	<u>64,888</u>
Net decrease	<u>(67,541)</u>
Net assets held in trust for future pension benefits:	
Beginning of year	<u>1,020,915</u>
End of year	<u><u>\$953,374</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, 2008
(in thousands)
(1 of 2)

	Component Units		Total
	Birmingham Airport Authority	Birmingham Parking Authority	
ASSETS			
CURRENT ASSETS			
Unrestricted Assets:			
Cash and investments	\$14,444	\$3,813	\$18,257
Receivables:			
Accounts (net of allowances for uncollectibles)	587	85	672
Due from other governments	1,304		1,304
Prepaid items	426	29	455
Total unrestricted assets	16,761	3,927	20,688
Restricted assets:			
Cash and cash equivalents	12,363		12,363
Investments	5,989		5,989
Grants and accounts receivable	882		882
Accrued interest receivable	30		30
Total restricted assets	19,264		19,264
Total current assets	36,025	3,927	39,952
NONCURRENT ASSETS			
Other assets:			
Deferred charges	1,313		1,313
Capital assets:			
Land	105,163	1,940	107,103
Buildings and capital facilities	106,303		106,303
Machinery and equipment	8,664	757	9,421
Accumulated depreciation	(61,789)	(385)	(62,174)
Infrastructure	122,114		122,114
Accumulated depreciation	(59,814)		(59,814)
Construction in progress	112,080		112,080
Total capital assets	332,721	2,312	335,033
Total noncurrent assets	334,034	2,312	336,346
TOTAL ASSETS	\$370,059	\$6,239	\$376,298

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

City of Birmingham, Alabama
Statement of Net Assets - Component Units
June 30, 2008
(in thousands)
(2 of 2)

	Component Units		Total
	Birmingham Airport Authority	Birmingham Parking Authority	
LIABILITIES			
CURRENT LIABILITIES			
Payable from Unrestricted Assets:			
Accounts and vouchers payable	\$790	\$51	\$841
Accrued payroll and payroll taxes		183	183
Due to primary government		1,323	1,323
Compensated absences		36	36
Total payable from unrestricted assets	790	1,593	2,383
Payable from Restricted Assets:			
Construction contracts payable	264		264
Accrued interest payable	1,420		1,420
Current portion of revenue bonds payable	3,640		3,640
Total payable from restricted assets	5,324		5,324
Total current liabilities	6,114	1,593	7,707
Long-term liabilities:			
Compensated absences	346	189	535
Revenue bonds payable, net	72,197		72,197
Total long-term liabilities	72,543	189	72,732
TOTAL LIABILITIES	78,657	1,782	80,439
NET ASSETS			
Invested in capital assets, net of related debt	258,197	2,312	260,509
Restricted for:			
Debt service	10,721		10,721
Federal grants and programs	6,860		6,860
Unrestricted	15,624	2,145	17,769
TOTAL NET ASSETS	291,402	4,457	295,859
TOTAL LIABILITIES AND NET ASSETS	\$370,059	\$6,239	\$376,298

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, 2008
(in thousands)

	Expenses	Charges for Services	Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Assets		
				Birmingham Airport Authority	Birmingham Parking Authority	Total
Birmingham Airport Authority	\$32,099	\$34,568	17,250	\$19,719		\$19,719
Birmingham Parking Authority	5,976	6,013			37	37
Total component units	\$38,075	\$40,581	\$17,250	19,719	37	19,756
General revenues:						
Unrestricted investment earnings				795	30	825
Other				780	(3,674)	(2,894)
Total general revenues				1,575	(3,644)	(2,069)
Change in net assets				21,294	(3,607)	17,687
Net assets - beginning of year				270,108	8,064	278,172
Net assets - end of year				\$291,402	\$4,457	\$295,859

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

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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, 2008, totaled \$3,120,771.

- 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, 2008

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, 2008

Birmingham Parking Authority
1732 5th Avenue North
Birmingham, Alabama 35203
Financial statement date: June 30, 2008

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 2008 the City appropriated to these related organizations \$5,296,997 and \$39,565, respectively. These organizations are related organizations that have not been included within the City's financial statements.

Joint Venture

As defined in GASB Statement No. 14, a joint venture is a legal entity or other organization that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (1) an ongoing financial interest or (2) an ongoing financial responsibility. The City participates in the Birmingham-Jefferson County Civic Center Authority (BJCCA) which was created by the Alabama Legislature as a public corporation authorized to construct, maintain, operate, and manage a civic center in the City of Birmingham, Jefferson County, Alabama. The BJCCA also owns a hotel that is managed by an independent operator. The City is a joint participant in the BJCCA with Jefferson County; each is obligated by contract to remit amounts to supplement the BJCCA's operating revenues. In accordance with the interlocal agreement, the City remitted \$3,000,000 to the BJCCA during fiscal year 2008. The City does not have an equity ownership in this joint venture. Separate financial statements indicated a change in net assets of \$17,640,814 for the year ended August 31, 2007; net assets at August 31, 2007 totaled \$114,029,866. These are the most current figures available.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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, 2008

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 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, 2008

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.

3. Inventories and Prepaid Items – Inventories are valued on the average cost basis. Inventory consists of expendable supplies held in the General Fund for consumption. The cost is recorded as an expenditure at the time individual inventory items are used (consumption method). Payments made

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

to vendors for services that will benefit periods beyond June 30, 2008 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; previous to fiscal year 2008, the threshold had been \$500. Capital assets are recorded at cost where historical cost is available or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value at time of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend useful lives are expensed. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

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

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

6. Compensated absences – City of Birmingham employees earn vacation leave at graduated rates based on the employee’s length of service (one day per month of service, initially), and up to 40 days of unused leave may be carried over to the following year. Vacation pay is accrued when incurred in the government-wide financial statements. The City does not have a policy

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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 \$604,249 difference are as follows:

Bonds payable	\$573,930
Add: Issuance premium (to be amortized as interest expense)	19,654
Less: Discount on issuance of warrants	(27)
Less: Deferred charge for issuance costs (to be amortized over the life of the debt)	(29,088)
Accrued interest payable	6,354
Capital leases	1,266
Compensated absences	14,896
Landfill closure liability	7,614
Workmen's compensation claims	2,836
OPEB liability	6,814
	\$604,249

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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

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

The details of this \$7,240 difference are as follows:

Capital outlay	8,070
Depreciation expense	<u>(15,310)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$(7,240)</u>

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.

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

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

throughout the year by City Council action provided that adequate funds were available at the time of the amendments.

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

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

Excess of revenues and other sources over expenditures and other uses (GAAP basis)	\$ 21,666
Less prior year accrued expense (GAAP)	(2,311)
Plus current year accrued expense (GAAP)	1,901
Plus encumbrance elimination (GAAP)	10,382
Plus net decrease in fair market value of investments (GAAP)	(238)
Less current year encumbrances (budgetary basis)	(10,257)
Excess of revenues and other sources over expenditures and other uses (Budgetary basis)	\$ 21,143

IV. Detailed notes on all funds

A. Deposits and Investments

Deposits – At June 30, 2008, the carrying amount of the City’s demand deposits, certificates of deposits, and money market investments in all funds was \$299,976,855 and the bank balance was \$318,653,435.

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, 2008

Investments – At June 30, 2008 the City of Birmingham had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg. Maturity (years)</u>
U.S. Govt. agency obligations	\$ 178,887,924	7.04
U.S. Treasuries	190,602,551	5.84
U.S. Corporate debt	192,452,777	6.97
U.S. Corporate stock	<u>484,586,740</u>	-
Total fair value	\$1,046,529,992	
Portfolio weighted avg. maturity		6.62

Interest Rate Risk

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

<u>Fund Group</u>	<u>Weighted Avg Duration Limit</u>
Operating & Investment Fund	3 years
Sinking Fund	5 years
1992 Street Warrants	2 years
Investible Grants	1 year
HUD Trust	1 year
Firemen's & Policemen's Supplemental Emergency Management Communication District	7 years
1990 G.O. Bonds	1 year
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 \$41,439,726, and U.S.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

corporate debt with a fair value of \$1,934,494. Mortgage-backed securities are based on cash flows from the collection of mortgages. Prepayments arise when, for example, mortgage holders redeem their mortgages early. The investor's investment is returned early, or in extreme cases, not returned at all. Mortgage-backed securities may be considered to be investments with terms that may cause their fair values to be highly sensitive to interest rate changes.

Credit Risk: The City's Retirement & Relief System's investment policy limits investments in all bonds to securities having a Standard & Poors rating of AAA, AA, A, or BBB, or a Moody's rating of Aaa, Aa, A, or Baa. The City's investments included the following bonds at June 30, 2008:

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Govt Agency Discount Notes,Bonds	AAA	\$178,887,924
U. S. Corporate Bonds:	A	\$107,354,911
	AA	30,780,659
	AAA	8,936,339
	BBB	<u>45,380,869</u>
		<u>192,452,778</u>
		<u>\$371,340,702</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, 2008, the City has approximately \$417,778,153 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, 2008

B. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows (in thousands):

	June 30, <u>2007</u>	<u>Increases</u>	<u>Decreases</u>	June 30, <u>2008</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$137,065	333		137,398
Construction in progress	2,589	2,038	2,589	2,038
Land, infrastructure projects	<u>16,134</u>	<u>234</u>		<u>16,134</u>
Total nondepreciable capital assets	155,788	2,605	2,589	155,804
Capital assets, depreciable:				
Buildings & capital facilities	192,032	1,747		193,779
Furniture & other equipment	150,632	3,892	8,852	145,672
Infrastructure	<u>174,758</u>	<u>2,415</u>		<u>177,173</u>
Total depreciable capital assets	517,422	8,054	8,852	516,624
Less accumulated depreciation:				
Buildings & capital facilities	93,683	3,331		97,014
Furniture & other equipment	117,160	6,241	8,489	114,912
Infrastructure	<u>100,710</u>	<u>5,738</u>		<u>106,448</u>
Total accumulated depreciation	<u>311,553</u>	<u>15,310</u>	<u>8,489</u>	<u>318,374</u>
Net depreciable capital assets	<u>205,869</u>	<u>(7,256)</u>	<u>363</u>	<u>198,250</u>
Governmental activities, net capital assets	<u>\$361,657</u>	<u>(4,651)</u>	<u>2,952</u>	<u>354,054</u>
 Business-type activities:				
Buildings & other capital facilities	\$1,025			1,025
Furniture & other equipment	<u>2,237</u>			<u>2,237</u>
Total capital assets	<u>3,262</u>			<u>3,262</u>
Less accumulated depreciation:				
Buildings & other capital facilities	337	21		358
Furniture & other equipment	<u>2,003</u>			<u>2,003</u>
Total accumulated depreciation	<u>2,340</u>	<u>21</u>		<u>2,361</u>
Business-type activities, net capital assets	<u>\$922</u>	<u>(21)</u>		<u>901</u>

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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

Governmental activities:

Public safety, including depreciation of infrastructure assets	\$9,198
Streets and sanitation	1,691
Cultural and recreation	1,415
General government	<u>3,006</u>
Total depreciation - governmental activities	<u><u>\$15,310</u></u>

Business-type activities:

E-911 operations	<u>\$21</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, 2008 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	\$48,259
General Fund	Birmingham Emergency Mgt. Communication District	3,417
	Pension Trust Fund	3
	Special Revenue	3,196
Pension Trust Funds	General Fund	328
	Special Revenue	<u>180</u>
		<u><u>\$55,383</u></u>

The City uses interfund transfers to record the resources one fund provides another fund with no expectation of repayment, such as occurs with companion funds. The composition of interfund transfer balances at June 30, 2008, is as follows (in thousands):

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

Interfund transfers:

<u>Transfers Out</u>	<u>Transfers In</u>		
	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
General Fund		\$32,569	\$32,569
General Bond Debt Reserve	\$33,418		33,418
Nonmajor Governmental Funds		3,984	3,984
	<u>\$33,418</u>	<u>\$36,553</u>	<u>\$69,971</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, 2008, are as follows:

Year ending June 30,	
2009	70,000
2010	70,000
2011	70,000
2012	<u>53,000</u>
Total minimum lease payments	263,000
Less amount representing interest	<u>(23,000)</u>
Present value of minimum lease payments	<u>\$240,000</u>

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 software is capitalized at a cost of \$1.8 million. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, are as follows:

Year ending June 30,	
2009	405,000
2010	405,000
2011	<u>270,000</u>
Total minimum lease payments	1,080,000
Less amount representing interest	<u>(54,000)</u>
Present value of minimum lease payments	<u>\$1,026,000</u>

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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, and the full faith and credit of the City is pledged against the bonds. The bonds outstanding at June 30, 2008, are as follows (in thousands):

1996; 3.75%-5.25%	855
1997-B, A-E; 4.5%-5.375%	2,535
1998-A, A-B; 3.7%-5.125%	1,840
1999-B; 3.5%-5.75%	3,355
2001-A; 2.3%-5.75%	7,645
2002-A; 5%-5.5%	19,970
2002-B; 2.25%-5.25%	9,255
2005-A; 3.75%-5.75%	28,230
2006-A; 4.00%-5.00%	84,100
2006-B; 4.00%-5.00%	62,260
2007-A; 4.00%-5.00%	117,075
	<u>\$337,120</u>

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

June 30,	Principal	Interest
2009	19,075	15,915
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>\$337,120</u>	<u>\$166,727</u>

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

The warrants outstanding at June 30, 2008 are as follows (in thousands):

1997; 3.8%-5.0%	\$ 3,645
1998-A; variable rate	3,495
1998-B; variable rate	25,475
2000-A; 4.3%-5.5%	47,420
2001-B; 5%-5.5%	8,535
2001-C; 4%-5.75%	20,800
2003-A; 1.7%-5.25%	16,075
2003-B; 1.2%-5%	25,550
2004-A; variable rate	21,195
2004-B; 2.3%-4%	7,155
2006-C; 4%-5%	24,740
2007-B; 4%-5%	25,360
	<u>\$229,445</u>

Revenue Warrants:

2000 Tax Increment Financing; var. rate	<u>\$ 7,365</u>
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Annual debt service requirements to maturity for the City's general obligation and revenue warrants are as follows (in thousands):

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2009	9,640	10,819
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
	<u>\$229,445</u>	<u>\$111,662</u>

Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$337,120
Warrants payable	229,445
Revenue warrants	<u>7,365</u>
	573,930
Less current maturities	(28,715)
Unamortized premium & discount	<u>19,627</u>
Total bonds and warrants payable	<u>\$564,842</u>

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

Changes in long-term liabilities (in thousands):
Governmental activities:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Bonds and warrants payable (net of premium and discounts)	\$624,417		30,860	593,557	28,715
Capital leases	1,690		424	1,266	430
Worker's compensation claims	7,200		4,364	2,836	0
Compensated absences	13,967	1,944	1,015	14,896	1,000
Closure and postclosure costs	7,568	46		7,614	0
OPEB liability	0	10,314	3,500	6,814	0
	<u>\$654,842</u>	<u>\$12,304</u>	<u>\$ 40,163</u>	<u>\$626,983</u>	<u>\$30,145</u>

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

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 which was calculated to be \$2,836,164 which has been accrued on the government-wide financial statements. 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
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, 2008

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. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2008, the amount of these liabilities totaled \$3.087 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):

<u>June 30</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
2008	\$3,235	944	1,092	\$3,087
2007	\$2,725	2,026	1,516	\$3,235
2006	\$3,144	(759)	1,178	\$2,725

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 2008 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, 2008

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; to date the City has rebated approximately \$9,082,000 to Wal-Mart.

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, 2008, the City has collected approximately \$9,893,992 in lodging tax revenues and has remitted approximately \$3,297,997 to the Bureau and approximately \$6,595,995 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. The term of the agreement is the earlier of twenty years or the date when refunds made to TCHA total \$20,000,000.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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, 2008, represents the cumulative amount reported to date based on the use of approximately 7 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 2008. Actual costs may be higher due to inflation, changes in technology, and/or changes in regulations.

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.

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

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Each pension plan's cash assets are invested in equity and fixed-income securities. All plan assets are reported at fair value. Investments traded on the national exchange

Plan descriptions and disclosures as of the last actuarial study of June 30, 2007 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 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	--	--

Schedule of Funding Progress:

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

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

Supplementary Information for Retirement & Relief System:

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2007
Basis for Contributions	7/1/2007
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	2,352
Terminated participants entitled to, but not yet receiving benefits	211
Active participants	<u>3,760</u>
Total membership	6,323

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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

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

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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	--	--

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%

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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

	Actuarial Valuation:	
Frequency		Annual
Latest Date		7/1/2007
Basis for Contributions		7/1/2007
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		3.0%
Merit, Longevity, etc.		Varies from .00% to 6%
	Plan Membership:	
Retired participants and beneficiaries receiving benefits		281
Active participants		<u>1,370</u>
Total membership		1,651

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

**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)

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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 Accrued Liability (AAL)-Entry Age	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2007	1,864	1,265	(599)	147.33%	N/A	N/A

Supplementary information for the Unclassified Employees Pension & Relief Fund:

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2007
Basis for Contributions	7/1/2007
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	34
Active participants	6
Total membership	40

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 6 beneficiaries.

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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%

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	7/1/2007
Basis for Contributions	7/1/2007
Cost Method	Funded Frozen Plan

Assumptions:

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

Policemen's Pension and Relief Fund – This system covers policemen employed prior to September 1939. There are 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%

CITY OF BIRMINGHAM
Notes to the Financial Statements
June 30, 2008

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	7/1/2007
Basis for Contributions	7/1/2007
Cost Method	Funded Frozen Plan

Assumptions:

Investment Earnings	7%
Mortality Table	1994 Group Annuity Mortality Table

Limited Firemen's Retirement and Relief System – This system covers certain designated firemen formerly members of the Firemen's Pension and Relief Fund. Current membership includes 1 service pensioner and 4 beneficiaries.

Schedule of Employer Contributions:

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

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	7/1/2007
Basis for Contributions	7/1/2007
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, 2008

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 4 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%

Analysis of Funding Progress:

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

Supplementary information:

Actuarial Valuation:

Frequency	Annual
Latest Date	7/1/2007
Basis for Contributions	7/1/2007
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, 2008

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.

City of Birmingham
Notes to Financial Statements
June 30, 2008

Net OPEB Obligation (NOO)

Actuarial Valuation Date	Fiscal Year Ended	Annual Required Contribution	Interest on Existing NOO	ARC Adjustment	Annual OPEB Cost	Actual Contribution	Net Increase in NOO	NOO at Fiscal Year End
6/30/2007	6/30/2008	10,313,632	0	0	10,313,632	-	-	-

Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL & (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2007	0	97,800,828	97,800,828	0	168,939,625	57.89%

Actuarial Methods and Assumptions

Valuation Date	6/30/2007
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, closed, 30 years
Remaining Amortization Period	30 years as of July 1, 2007
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return	7% pre-funded; 4% pay-as-you go
Inflation Rate	3.00%
Medical Cost Trend Rate	10.0% graded to 5% over 10 years
Drug Cost Trend Rate	11.0% graded to 5% over 12 years

Plan Membership:

	Medical & Prescription Drug Coverage	Life Insurance Coverage
Current retirees, beneficiaries, and dependents	709	1,812
Current active participants	3,788	3,788
Terminated participants entitled but not yet eligible	0	0
Total	4,497	5,600

City of Birmingham, Alabama
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2008
(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
ASSETS:								
Cash and cash equivalents	\$8,988	\$1,478	\$8,497			\$3	\$1,588	\$20,554
Receivables:								
Members	250	80						330
Member loans	10,496							10,496
Interest and dividends	5,918	253	34				3	6,208
Due from other funds	249	82	177					508
Investments, at fair value:								
U. S. Government obligations	247,754	18,448						266,202
Domestic corporate bonds	172,317	9,843						182,160
Domestic stocks	456,841	10,999						467,840
TOTAL ASSETS	902,813	41,183	8,708	0	0	3	1,591	954,298
LIABILITIES								
Accounts payable and other	856	65				3		924
NET ASSETS								
Held in trust for future pension benefits	\$901,957	\$41,118	\$8,708	\$0	\$0	\$0	\$1,591	\$953,374

City of Birmingham, Alabama
Combining Statement of Changes in Plan Net Assets
Pension Trust Funds
for the Year Ended June 30, 2008
(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
ADDITIONS								
Contributions:								
Employer	\$12,087	\$3,405		\$19	\$30	\$19		\$15,560
Plan Members	10,668	3,386					1	14,055
Total contributions	<u>22,755</u>	<u>6,791</u>		<u>19</u>	<u>30</u>	<u>19</u>	<u>1</u>	<u>29,615</u>
Investment income:								
Investment earnings	(33,209)	1,100	297				(117)	(31,929)
Securities lending	2,538	90						2,628
	<u>(30,671)</u>	<u>1,190</u>	<u>297</u>				<u>(117)</u>	<u>(29,301)</u>
Less investment expenses	3,450	54						3,504
Net investment income	<u>(34,121)</u>	<u>1,136</u>	<u>297</u>				<u>(117)</u>	<u>(32,805)</u>
Other income	1	1	535					537
Total additions	<u>(11,365)</u>	<u>7,928</u>	<u>832</u>	<u>19</u>	<u>30</u>	<u>19</u>	<u>(116)</u>	<u>(2,653)</u>
DEDUCTIONS								
Benefits	55,435	6,399	77	17	29	17	146	62,120
Refunds of contributions	1,335	222						1,557
Administrative expenses	242	950	2	2	2	2	11	1,211
Total deductions	<u>57,012</u>	<u>7,571</u>	<u>79</u>	<u>19</u>	<u>31</u>	<u>19</u>	<u>157</u>	<u>64,888</u>
Net increase (decrease)	<u>(68,377)</u>	<u>357</u>	<u>753</u>	<u>0</u>	<u>(1)</u>	<u>0</u>	<u>(273)</u>	<u>(67,541)</u>
Net assets held in trust for pension benefits:								
Beginning of year	970,334	40,761	7,955		1		1,864	1,020,915
End of year	<u>\$901,957</u>	<u>\$41,118</u>	<u>\$8,708</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,591</u>	<u>\$953,374</u>

OTHER SUPPLEMENTARY INFORMATION

City of Birmingham, Alabama
General Fund
Schedule of Revenues, Expenditures, and Encumbrances
Budget and Actual
for the year ended June 30, 2008

Revenues:	Budget	Actual	Over (Under) Budget
Taxes:			
Sales and use:			
Sales	\$102,300	\$100,355	(\$1,945)
Use	26,835	29,377	2,542
	<u>129,135</u>	<u>129,732</u>	<u>597</u>
Occupational:			
Occupational tax	78,040	76,918	(1,122)
Property:			
County tax collection	24,970	25,336	366
County director of revenue	1,700	1,854	154
County tax collector	136	86	(50)
State of Alabama	74	55	(19)
Library .5 mill tax	1,080	1,224	144
	<u>27,960</u>	<u>28,555</u>	<u>595</u>
Total taxes	<u>235,135</u>	<u>235,205</u>	<u>70</u>
Licenses and permits:			
Business:			
General	64,800	60,925	(3,875)
Public utilities	17,544	17,537	(7)
Beer - wholesale	1	1	0
Beer retail	26	26	0
Liquor	910	1,077	167
Liquor and wine	140	156	16
Table wine tax	190	219	29
Lease or rental tax	6,300	5,780	(520)
	<u>89,911</u>	<u>85,721</u>	<u>(4,190)</u>
Nonbusiness:			
Building permits	5,019	5,050	31
Electrical inspection fees	75	92	17
Elevator permits	10	16	6
Plumbing permits	8	11	3
Gas permits	20	18	(2)
Blasting permits	1	1	0
Excavation permits	10	2	(8)
Clearing and earthwork permits	22	28	6
Billboard permits	46	60	14
Mechanical permits	12	22	10
Dance permits	35	33	(2)
Other	12	9	(3)
	<u>5,270</u>	<u>5,342</u>	<u>72</u>
Total licenses and permits	<u>95,181</u>	<u>91,063</u>	<u>(4,118)</u>
Fines and forfeitures:			
Municipal court fines	1,660	1,857	197
Traffic citations	1,401	1,533	132
Partial payments	836	926	90
Technology and Corrections Fees		27	27
False Alarm Fine	4	9	5
Library	142	185	43
Total fines and forfeitures	<u>4,043</u>	<u>4,537</u>	<u>494</u>

City of Birmingham, Alabama
General Fund
Schedule of Revenues, Expenditures, and Encumbrances
Budget and Actual
for the year ended June 30, 2008

	Budget	Actual	Over (Under) Budget
Intergovernmental revenue:			
Shared from local units:			
County gasoline tax	1,850	1,825	(25)
County tobacco tax	300	279	(21)
County road tax	2,400	2,686	286
County library contributions	272	272	0
Sales tax on sale of used cars	506	602	96
State-wide uniform beer tax	1,735	1,721	(14)
	<u>7,063</u>	<u>7,385</u>	<u>322</u>
Shared state revenue:			
Bank excise tax	2,220	4,398	2,178
Motor vehicle license	700	718	18
Share of State liquor profits	200	105	(95)
State table wine tax	2	1	(1)
Interstate Regulatory Plan registration fees	300	281	(19)
Liquor store sales tax	240	259	19
Alabama trust fund	1,806	1,719	(87)
Business privilege tax	2,725	1	(2,724)
Oil production privilege tax	55	69	14
	<u>8,248</u>	<u>7,551</u>	<u>(697)</u>
Other:			
Civil Defense	26	26	0
Industrial Development Board	80	104	24
	<u>106</u>	<u>130</u>	<u>24</u>
Total intergovernmental revenue	<u>15,417</u>	<u>15,066</u>	<u>(351)</u>
Charges for services:			
Culture and recreation:			
Admission fees	44	47	3
Concessions	170	212	42
Parking	320	391	71
Rent	450	546	96
Gifts	13	14	1
Lunches	22	22	0
Miscellaneous	2	43	41
	<u>1,021</u>	<u>1,275</u>	<u>254</u>
Highways and streets:			
Streets, sidewalks, and curbs	8	4	(4)
Parking meters	1,300	1,304	4
Street vacation fees	446	142	(304)
	<u>1,754</u>	<u>1,450</u>	<u>(304)</u>
General government:			
Subdivision fees	76	88	12
Zoning fees	10	9	(1)
Parking authority	5,400	1,428	(3,972)
Franchise fees - AT&T	250	249	(1)
	<u>5,736</u>	<u>1,774</u>	<u>(3,962)</u>

City of Birmingham, Alabama
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2008

	Budget	Actual	Over (Under) Budget
(Revenues, Charges for services - continued):			
Public safety:			
Accident and defense reports	200	186	(14)
Auto storage	275	767	492
Auto sales	2,812	3,121	309
Airport	2,760	3,417	657
E-911 cost reimbursement	1	1	0
Ambulance application fee	0	1	1
Advanced life support transportation fees	2,685	3,200	515
Domestic violence fees	40	42	2
Housing Authority	500	599	99
Court ordered restoration	8	23	15
Photo lab fees	1	0	(1)
Other	36	61	25
	<u>9,318</u>	<u>11,418</u>	<u>2,100</u>
Sanitation:			
Garbage special services	1	1	0
Junk sales	8	11	3
Landfill charges	475	416	(59)
	<u>484</u>	<u>428</u>	<u>(56)</u>
Total general government	<u>15,538</u>	<u>13,620</u>	<u>(1,918)</u>
Total charges for services	<u>18,313</u>	<u>16,345</u>	<u>(1,968)</u>
Other operating revenue:			
Interest earnings:			
On investments	3,200	2,926	(274)
On loans	25	8	(17)
	<u>3,225</u>	<u>2,934</u>	<u>(291)</u>
Other:			
Warrants-airport	46	46	0
Airport lease payments	46	46	0
State Fair Receipts	350	327	(23)
Rents and royalties	670	499	(171)
Discounts on purchase of stores	4	3	(1)
Commission on toll phones	70	73	3
Adjustment of prior years' encumbrances	506	2,287	1,781
Inventory adjustments	0	(444)	(444)
Damage to City property	100	80	(20)
Expense reimbursement	3	0	(3)
Snack Bar rental	3	4	1
Race track city distribution	380	310	(70)
Race track county distribution	210	172	(38)
Refund of insurance stabilization	600	908	308
Income from recycling	10	23	13
F.E.M.A. reimbursement	0	247	247
Miscellaneous	584	1,678	1,094
	<u>3,582</u>	<u>6,259</u>	<u>2,677</u>
Total other operating revenues	<u>6,807</u>	<u>9,193</u>	<u>2,386</u>
Total revenues	<u>374,896</u>	<u>371,409</u>	<u>(3,487)</u>

City of Birmingham, Alabama
General Fund
Schedule of Revenues, Expenditures, and Encumbrances
Budget and Actual
for the year ended June 30, 2008

	Budget	Actual	Over (Under) Budget
Expenditures and encumbrances:			
Public safety:			
Police:			
Personnel services	76,039	70,689	(5,350)
Other	7,121	7,136	15
	<u>83,160</u>	<u>77,825</u>	<u>(5,335)</u>
Fire:			
Personnel services	48,526	46,726	(1,800)
Other	3,944	4,202	258
	<u>52,470</u>	<u>50,928</u>	<u>(1,542)</u>
Other:			
Engineering			
Personnel services	13,687	12,732	(955)
Other	1,072	1,137	65
	<u>14,759</u>	<u>13,869</u>	<u>(890)</u>
Traffic engineering:			
Personnel services	4,888	4,442	(446)
Other	4,550	5,685	1,135
	<u>9,438</u>	<u>10,127</u>	<u>689</u>
Municipal Court:			
Personnel services	3,544	3,500	(44)
Other	360	206	(154)
	<u>3,904</u>	<u>3,706</u>	<u>(198)</u>
Parole Office:			
Personnel services	710	716	6
Other	11	7	(4)
	<u>721</u>	<u>723</u>	<u>2</u>
Nondepartmental:			
TASC	88	88	0
Police Pension and Relief	24	19	(5)
Limited Police Retirement and Relief	22	19	(3)
Limited Fire Retirement and Relief	29	30	1
Police Community Relations	4	0	(4)
City Action Partnership	10	10	0
Jefferson County Civil Defense	264	264	0
Supplemental Retirees	470	733	263
	<u>911</u>	<u>1,163</u>	<u>252</u>
Total other	<u>29,733</u>	<u>29,588</u>	<u>(145)</u>
Total public safety	<u>165,363</u>	<u>158,341</u>	<u>(7,022)</u>
Environment and streets:			
Streets and sanitation:			
Personnel services	47,345	45,160	(2,185)
Other	8,799	9,589	790
	<u>56,144</u>	<u>54,749</u>	<u>(1,395)</u>
Parking Authority:			
Personnel services	3,568	0	(3,568)
Other	3,124	106	(3,018)
	<u>6,692</u>	<u>106</u>	<u>(6,586)</u>

City of Birmingham, Alabama
General Fund
Schedule of Revenues, Expenditures, and Encumbrances
Budget and Actual
for the year ended June 30, 2008

	Budget	Actual	Over (Under) Budget
(Expenditures & encumbrances, Environments & streets - continued):			
Nondepartmental:			
Birmingham Cable Television	1	0	(1)
DART	84	84	0
Debt service	6,064	6,283	219
B.J.C.T.A.-Ext Fixed Route	679	679	0
B.J.C.T.A.-Hwy 31 Route	15	15	0
B.J.C.T.A.-Para Transit	287	287	0
B.J.C.T.A.-Titusville-Westend	178	178	0
B.J.C.T.A.-Saturday Service	453	453	0
B.J.C.T.A.-Holiday Service	25	25	0
B.J.C.T.A.-Latenite/Wkd	58	58	0
Birmingham Transit Authority	3,518	3,385	(133)
	<u>11,362</u>	<u>11,447</u>	<u>85</u>
Total other	18,054	11,553	(6,501)
Total environment and streets	<u>74,198</u>	<u>66,302</u>	<u>(7,896)</u>
Cultural and recreational:			
Park and recreation:			
Personnel services	8,242	6,797	(1,445)
Other	3,342	3,600	258
	<u>11,584</u>	<u>10,397</u>	<u>(1,187)</u>
Library:			
Personnel services	12,391	12,351	(40)
Other	3,509	3,670	161
	<u>15,900</u>	<u>16,021</u>	<u>121</u>
Other:			
Southern Museum of Flight:			
Personnel services	377	318	(59)
Other	186	187	1
	<u>563</u>	<u>505</u>	<u>(58)</u>
Museum:			
Personnel services	2,165	2,341	176
Other	1,502	1,477	(25)
	<u>3,667</u>	<u>3,818</u>	<u>151</u>
Auditorium:			
Personnel services	892	910	18
Other	343	345	2
	<u>1,235</u>	<u>1,255</u>	<u>20</u>
Arlington:			
Personnel Services	415	383	(32)
Other	197	168	(29)
	<u>612</u>	<u>551</u>	<u>(61)</u>
Sloss Furnace:			
Personnel services	686	650	(36)
Other	173	168	(5)
	<u>859</u>	<u>818</u>	<u>(41)</u>

City of Birmingham, Alabama
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2008

	Budget	Actual	Over (Under) Budget
Nondepartmental:			
Birmingham Historical Society	17	17	0
Jefferson - Blount - St. Clair Mental Health	123	123	0
Ruffner Mountain Agency	125	655	530
Board of Education - Community Schools	655	125	(530)
Board of Education - Crossing Guards	92	92	0
Board of Education - Recreation Support Program	33	0	(33)
Board of Education - Reading Initiative	362	362	0
Board of Education - Family Education	27	27	0
Board of Education - Coaches & Band Directors	270	270	0
High School Football Championships	26	26	0
Alabama Sports Festival	18	18	0
Southwestern Athletic Conference	584	521	(63)
Birmingham Bowl	25	25	0
Youth Games	188	188	0
Oak Hill Memorial Cemetery	146	146	0
Kids One Transport	70	70	0
YMCA	49	49	0
Alabama Symphony Matching Funds	63	63	0
City Stages	700	700	0
Board of Education-Student Safety Program	180	180	0
JCCEO	99	99	0
Magic City Classic	22	12	(10)
Literacy Council	18	18	0
Birmingham Public Schools BACC Arts	90	90	0
Camp Anytown	17	17	0
African American Arts & Heritage	35	35	0
Space One Eleven	18	18	0
Jefferson County Historical Development Board	7	7	0
Birmingham Youth Program	140	140	0
Veterans Day	4	4	0
Discovery 2000	597	597	0
Youth Services	514	514	0
Housing Authority Community Centers	200	200	0
Southern Intercollegiate Conference	25	25	0
High School Basketball	50	50	0
UAB Football	225	225	0
Rickwood Field	68	68	0
Birmingham Civil Rights Institute	700	700	0
Sister City Program	21	21	0
Alabama State Fair Authority	752	716	(36)
Smithfield-Bruno Center	14	12	(2)
Festival of Arts	21	21	0
Alabama Symphony	117	117	0
Police Athletic Team	89	89	0
Jazz Hall of Fame	193	193	0
PING Athletic Activities	29	29	0
Function at the Junction	27	27	0
Boys Scouts Leadership Camp	18	18	0
SWAC and MEAC Challenge	25	25	0
Board of Education Workforce Development	100	100	0
Barber Motorsports	63	63	0
Central Alabama Women's Business	15	15	0
	<u>8,066</u>	<u>7,922</u>	<u>(144)</u>
Total other	<u>15,002</u>	<u>14,869</u>	<u>(133)</u>
Total cultural and recreational	<u>42,486</u>	<u>41,287</u>	<u>(1,199)</u>

City of Birmingham, Alabama
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2008

	Budget	Actual	Over (Under) Budget
(Expenditures & encumbrances - continued):			
General government:			
Finance:			
Personnel services	7,224	7,072	(152)
Other	1,725	1,565	(160)
	<u>8,949</u>	<u>8,637</u>	<u>(312)</u>
Municipal Garage:			
Personnel services	5,224	4,989	(235)
Other	393	416	23
	<u>5,617</u>	<u>5,405</u>	<u>(212)</u>
Information Management Services:			
Personnel services	3,885	3,979	94
Other	1,728	1,715	(13)
	<u>5,613</u>	<u>5,694</u>	<u>81</u>
Other:			
City Clerk:			
Personnel services	739	563	(176)
Other	688	585	(103)
	<u>1,427</u>	<u>1,148</u>	<u>(279)</u>
Community Development:			
Personnel services	792	658	(134)
Other	126	121	(5)
	<u>918</u>	<u>779</u>	<u>(139)</u>
Council:			
Personnel services	1,808	1,716	(92)
Other	1,098	579	(519)
	<u>2,906</u>	<u>2,295</u>	<u>(611)</u>
Legal:			
Personnel services	3,126	2,801	(325)
Other	767	722	(45)
	<u>3,893</u>	<u>3,523</u>	<u>(370)</u>
Mayor's office:			
Personnel services	4,537	4,434	(103)
Other	583	618	35
	<u>5,120</u>	<u>5,052</u>	<u>(68)</u>
Office of Personnel:			
Personnel services	1,683	1,513	(170)
Other	707	675	(32)
	<u>2,390</u>	<u>2,188</u>	<u>(202)</u>
Nondepartmental:			
Unemployment compensation	180	65	(115)
Pensioners health insurance	330	336	6
Employee auto insurance	2	1	(1)
Telephone	980	1,265	285
Telecommunications	93	0	(93)
Board of Equalization	66	67	1
Consulting Fees	200	179	(21)
Bank custodial service	345	364	19
Communication airtime	370	370	0
Collection Fees	450	189	(261)
Property reappraisal	1,257	493	(764)
Insurance - fire, theft, etc.	10	12	2
Employee parking	500	652	152
Birmingham Regional Planning Commission	137	137	0
Jefferson County Personnel Board	4,753	4,753	0
Jefferson County Board of Health	1,534	1,534	0
Jefferson County Board of Health DOPEPP	35	35	0
Childcare Resources	20	20	0
Construction Industry Authority	250	250	0

City of Birmingham, Alabama
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2008

	Budget	Actual	Over (Under) Budget
(Expenditures & encumbrances, General government, Nondepartmental - continued):			
Alabama Conservancy	10	10	0
Birmingham Housing Authority	40	0	(40)
Birmingham Urban League	65	65	0
Crisis Center	6	6	0
Southeast Police & Fire Championship	10	0	(10)
R.E.S.P.E.C.T. Organization	7	7	0
Impact Program	25	25	0
Ministerial Brotherhood	17	17	0
Cerebral Palsy	15	15	0
Alcohol and Substance Abuse	16	16	0
Municipal expansion	5	1	(4)
Professional services other	168	91	(77)
National League of Cities	11	11	0
U.S. Conference of Mayors	11	11	0
Alabama League of Municipalities	50	50	0
A. R. C. of Jefferson County	17	17	0
Alcoholism Recovery Service	11	11	0
Summer Youth Jobs	70	70	0
JCCEO-PING	60	60	0
Urban Impact	70	70	0
Birmingham Aids Outreach	30	30	0
Positive Maturity	11	11	0
Birmingham Area Technical Leadership	50	50	0
Village Creek Human Justice	25	25	0
Better Business Bureau of Cent. Alabama	30	10	(20)
Housing for Mentally Ill	240	234	(6)
Birmingham Business Network	117	117	0
B.B.R.C. Administration	175	175	0
B.B.R.C. Micro Lending	35	35	0
Development Solution	51	51	0
Metropolitan Development Board	517	517	0
B.C.W.L.D.C.-SBA Micro Loan	27	27	0
Greenwood Cemetery	80	80	0
U. S. Olympic Committee	10	10	0
Civil Rights Activist Committee	35	35	0
Youth Summit Funding	75	0	(75)
Mason West Group	30	30	0
Innovative Approach	50	50	0
Alabama Ballet	100	100	0
Birmingham Center for Affordable Housing	30	30	0
Music Opportunity Program	35	35	0
Civil Rights Foot Soldiers	15	15	0
A. G. Gaston Boys & Girls Club	15	15	0
Children's Village	50	50	0
Big Brothers/Big Sisters	25	25	0
YMCA Urban Center	100	100	0
Oakmont Substance Abuse Center	43	43	0
Birmingham Jefferson Film Office	63	63	0
Miles Ahead Campaign Classic	25	25	0
Birmingham Volunteer Lawyer Program	30	30	0
United Negro College Fund	13	13	0
Police & Fire Protection	2,500	1,400	(1,100)
Economic Development	1,500	1,500	0
Streets & Sidewalk Improvements	7,500	0	(7,500)
Vision Scholarship Program	3,000	0	(3,000)
Transit System Improvements	9,000	0	(9,000)
Board of Education Camp Birmingham	86	86	0
Operation New Birmingham	350	350	0
Health Care for the Homeless	59	59	0
Sickle Cell Foundation	21	21	0
Jefferson County Mayor's Association	24	24	0
Local Government Leadership	22	22	0
Auburn Center	6	6	0

City of Birmingham, Alabama
 General Fund
 Schedule of Revenues, Expenditures, and Encumbrances
 Budget and Actual
 for the year ended June 30, 2008

	Budget	Actual	Over (Under) Budget
Expenditures & encumbrances, General government, departmental - continued):			
Environmental Center	14	14	0
Birmingham Humane Society	668	668	0
Planning & Zoning Commission	7	6	(1)
Aids Task Force of Alabama	70	70	0
PING Operating Expenses	5	5	0
Titusville Development Corporation	120	120	0
Birmingham Regional Medical System	1	1	0
Meals on Wheels	25	25	0
Center for Urban Missions	25	25	0
Clergy That Care	23	23	0
Aids in Minorities	28	28	0
Damage Claims		(436)	(436)
Total nondepartmental	<u>39,382</u>	<u>17,323</u>	<u>(22,059)</u>
Total other	<u>56,036</u>	<u>32,308</u>	<u>(23,728)</u>
Total general government	<u>76,215</u>	<u>52,044</u>	<u>(24,171)</u>
Total expenditures and encumbrances	<u><u>\$358,262</u></u>	<u><u>\$317,974</u></u>	<u><u>(\$40,288)</u></u>

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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.

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

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

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

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

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

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

Debt Service Funds

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

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

Nonmajor Governmental Funds

Capital Projects Funds

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

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

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

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

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

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

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

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

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

1994 General Obligation Warrant Fund

1997 General Obligation Warrant Fund

1998-A General Obligation Warrant Fund

1998-B General Obligation Warrant Fund

2004-A General Obligation Warrant Fund

Tax Increment Financing Warrants Fund

2006-C General Obligation Warrants Fund

2007-B General Obligation Warrants Fund

2007-A General Obligation Bonds Fund

Tax Increment Financing Warrants

City of Birmingham, Alabama
Balance Sheets
Nonmajor Governmental Funds - Special Revenue Funds
June 30, 2008
(in thousands)
(1 of 2)

	<i>Special Revenue Funds</i>				
	Federal Revenue Sharing	Community Development	HUD Rental Rehabilitation Loan	Birmingham Water Works Proceeds	Miscellaneous Grants
ASSETS					
Cash and investments	\$892		\$689	\$11,025	\$1,570
Cash with escrow agent					
Receivables:					
Accrued interest receivable	4				
Accrued taxes receivable					
Accounts					14
Lease obligations					
Loans		1,866			
Assessments					
Collateral deposited for surety					
Due from other governments					
Due from other funds					
TOTAL ASSETS	<u><u>\$896</u></u>	<u><u>\$1,866</u></u>	<u><u>\$689</u></u>	<u><u>\$11,025</u></u>	<u><u>\$1,584</u></u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable		512			132
Contracts payable					
Contracts payable-retainage		4			
Accrued payroll and taxes payable		43			6
Due to other funds		4		3,189	6
Deferred revenue		1,303			1,440
Other liabilities					
TOTAL LIABILITIES	<u><u>0</u></u>	<u><u>1,866</u></u>	<u><u></u></u>	<u><u>3,189</u></u>	<u><u>1,584</u></u>
FUND BALANCES					
Reserved for encumbrances		2,484		1,769	
Reserved for future projects	896		689	6,067	
Reserved for debt service					
Unreserved and undesignated (deficit)		(2,484)			
TOTAL FUND BALANCES	<u><u>896</u></u>	<u><u>0</u></u>	<u><u>689</u></u>	<u><u>7,836</u></u>	<u><u>0</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$896</u></u>	<u><u>\$1,866</u></u>	<u><u>\$689</u></u>	<u><u>\$11,025</u></u>	<u><u>\$1,584</u></u>

City of Birmingham, Alabama
Balance Sheets
Nonmajor Governmental Funds - Special Revenue Funds
June 30, 2008
(in thousands)
(2 of 2)

	<i>Special Revenue Funds</i>					<i>Total Special Revenue Funds</i>
	<u>Mortgage Subsidy</u>	<u>UDAG Repayment</u>	<u>HUD 108 Loan</u>	<u>Home Investment Trust</u>	<u>Other Funds</u>	
ASSETS						
Cash and investments	\$3,987	\$3,911	\$187		\$8,108	\$30,369
Cash with escrow agent						
Receivables:						
Accrued interest receivable	19				36	59
Accrued taxes receivable						
Accounts						14
Lease obligations						0
Loans	306	752				2,924
Assessments						
Collateral deposited for surety					53	53
Due from other governments				118		118
Due from other funds						0
TOTAL ASSETS	<u>\$4,312</u>	<u>\$4,663</u>	<u>\$187</u>	<u>\$118</u>	<u>\$8,197</u>	<u>\$33,537</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable				115		759
Contracts payable					17	17
Contracts payable-retainage						4
Accrued payroll and taxes payable				3	3	55
Due to other funds						3,199
Deferred revenue		354	49			3,146
Other liabilities					55	55
TOTAL LIABILITIES	<u>0</u>	<u>354</u>	<u>49</u>	<u>118</u>	<u>75</u>	<u>7,235</u>
FUND BALANCES						
Reserved for encumbrances	2,545	1,533			1,298	9,629
Reserved for future projects	1,767	2,776	138		6,824	19,157
Reserved for debt service						
Unreserved and undesignated (deficit)						(2,484)
TOTAL FUND BALANCES	<u>4,312</u>	<u>4,309</u>	<u>138</u>	<u>0</u>	<u>8,122</u>	<u>26,302</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$4,312</u>	<u>\$4,663</u>	<u>\$187</u>	<u>\$118</u>	<u>\$8,197</u>	<u>\$33,537</u>

City of Birmingham, Alabama
Balance Sheets
Nonmajor Governmental Funds - Debt Service Funds
June 30, 2008
(in thousands)

	<i>Debt Service Funds</i>		
	Tax Increment Financing	Tax Increment Reserve	Total Debt Service Funds
ASSETS			
Cash and investments	\$50		\$50
Cash with escrow agent		961	961
Receivables:			
Accrued interest receivable			
Accrued taxes receivable			
Accounts			
Lease obligations			
Loans			
Assessments			
Collateral deposited for surety			
Due from other governments			
Due from other funds			
TOTAL ASSETS	\$50	\$961	\$1,011
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable			
Contracts payable			
Contracts payable-retainage			
Accrued payroll and taxes payable			
Due to other funds			
Deferred revenue			
Other liabilities			
TOTAL LIABILITIES			
FUND BALANCES			
Reserved for encumbrances			
Reserved for future projects			
Reserved for debt service	50	961	1,011
Unreserved and undesignated (deficit)			
TOTAL FUND BALANCES	50	961	1,011
TOTAL LIABILITIES AND FUND BALANCES	\$50	\$961	\$1,011

City of Birmingham, Alabama
Balance Sheets
Nonmajor Governmental Funds - Capital Projects
June 30, 2008
(in thousands)
(Page 1 of 3)

	Special Assessments	General Obligation Bond Issues	Capital Improvement	Fuel Tax	Highway Improvement	Industrial Park Improvement
ASSETS						
Cash and investments	\$427	\$13,078	500	\$3,960	\$1,089	\$332
Cash with escrow agent						
Receivables:						
Accrued interest receivable	1	3		17		2
Accounts				133	236	
Loans						
Assessments	9,315					
Collateral deposited for surety						
Due from other governments						
Due from other funds			48,259			
TOTAL ASSETS	\$9,743	\$13,081	\$48,759	\$4,110	\$1,325	\$334
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	2	\$68	408	\$324	13	
Contracts payable						
Contracts payable-retainage		108	16	43	3	
Accrued payroll and taxes payable						
Due to other funds						
Deferred revenue	9,193					
Other liabilities						
TOTAL LIABILITIES	9,195	176	424	367	16	
FUND BALANCES						
Reserved for encumbrances	64	2,651	3,792	2,775	486	3
Reserved for future projects	484	10,254	44,543	968	823	331
Reserved for debt service						
Unreserved and undesignated (deficit)						
TOTAL FUND BALANCES	548	12,905	48,335	3,743	1,309	334
TOTAL LIABILITIES AND FUND BALANCES	\$9,743	\$13,081	\$48,759	\$4,110	\$1,325	\$334

City of Birmingham, Alabama
Balance Sheets
Nonmajor Governmental Funds - Capital Projects
June 30, 2008
(in thousands)
(Page 2 of 3)

	Capital Improvement Gen.Obligation Warrants	Street Improvement Warrants	1994 General Obligation Warrants	1997 General Obligation Warrants	1998-A General Obligation Warrants	1998-B General Obligation Warrants
ASSETS						
Cash and investments	\$2,619	\$1,350	\$672	\$54	\$1,032	\$1,332
Cash with escrow agent						
Receivables:						
Accrued interest receivable	4	3				
Accounts						
Loans						
Assessments						
Collateral deposited for surety						
Due from other governments						
Due from other funds						
TOTAL ASSETS	<u>\$2,623</u>	<u>\$1,353</u>	<u>\$672</u>	<u>\$54</u>	<u>\$1,032</u>	<u>\$1,332</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts payable	9					2
Contracts payable						
Contracts payable-retainage						
Accrued payroll and taxes payable						
Due to other funds						
Deferred revenue						
Other liabilities						
TOTAL LIABILITIES	<u>9</u>					<u>2</u>
FUND BALANCES						
Reserved for encumbrances	1,027	263	308	21	59	343
Reserved for future projects	1,587	1,090	364	33	973	987
Reserved for debt service						
Unreserved and undesignated (deficit)						
TOTAL FUND BALANCES	<u>2,614</u>	<u>1,353</u>	<u>672</u>	<u>54</u>	<u>1,032</u>	<u>1,330</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$2,623</u>	<u>\$1,353</u>	<u>\$672</u>	<u>\$54</u>	<u>\$1,032</u>	<u>\$1,332</u>

Balance Sheets
Nonmajor Governmental Funds - Capital Projects
June 30, 2008
(in thousands)
(Page 3 of 3)

	2004-A General Obligation Warrants	2006-C General Obligation Warrant	2007-B General Obligation Warrant	2007-A General Obligation Bonds	Tax Increment Financing Warrants	Total Capital Projects Funds	Total Nonmajor Funds
ASSETS							
Cash and investments		\$22,832	\$11,567	\$51,296	\$1,794	\$113,934	\$144,353
Cash with escrow agent	185					185	1,146
Receivables:							
Accrued interest receivable						30	89
Accounts						369	383
Loans							2,924
Assessments						9,315	9,315
Collateral deposited for surety							53
Due from other governments							118
Due from other funds						48,259	48,259
TOTAL ASSETS	\$185	\$22,832	\$11,567	\$51,296	\$1,794	\$172,092	\$206,640
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable		\$632		\$502		\$1,960	\$2,719
Contracts payable						0	17
Contracts payable-retainage		49		24		243	247
Accrued payroll and taxes payable							55
Due to other funds							3,199
Deferred revenue						9,193	12,339
Other liabilities							55
TOTAL LIABILITIES		681		526		11,396	18,631
FUND BALANCES							
Reserved for encumbrances	2	14,145	586	5,499	80	\$32,104	41,733
Reserved for future projects	183	8,006	10,981	45,271	1,714	128,592	147,749
Reserved for debt service							1,011
Unreserved and undesignated (deficit)							(2,484)
TOTAL FUND BALANCES	185	22,151	11,567	50,770	1,794	160,696	188,009
TOTAL LIABILITIES AND FUND BALANCES	\$185	\$22,832	\$11,567	\$51,296	\$1,794	\$172,092	\$206,640

City of Birmingham, Alabama
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Year Ended June 30, 2008
(in thousands)
(1 of 2)

	<i>Special Revenue Funds</i>				
	Federal Revenue Sharing	Community Development	HUD Rental Rehabilitation Loan	Birmingham Water Works Proceeds	Miscellaneous Grants
REVENUES					
Taxes					
Intergovernmental		8,348			7,204
Investment income	33			(13)	
Other					14
TOTAL REVENUES	33	8,348		(13)	7,218
EXPENDITURES					
Current:					
Streets and sanitation		525			
Cultural and recreation	13	237			
General government	2	7,586	162	14,997	7,218
Total current operations	15	8,348	162	14,997	7,218
Debt service				4,659	
Capital outlays					
Bond issue costs					
TOTAL EXPENDITURES	15	8,348	162	19,656	7,218
Excess (deficiency) of revenues over (under) expenditures	18		(162)	(19,669)	0
Other financing sources (uses):					
Proceeds from issuance of debt					
Premiums on issuance of bonds					
Payment to escrow agent					
Operating transfers in					
Operating transfers out					
Total other financing sources (uses)					
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	18		(162)	(19,669)	
Fund balances, beginning of year	878	0	851	27,505	0
Fund balances, end of year	<u>\$896</u>	<u>\$0</u>	<u>\$689</u>	<u>\$7,836</u>	<u>\$0</u>

City of Birmingham, Alabama
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
For the Year Ended June 30, 2008
(in thousands)
(2 of 2)

	Mortgage Subsidy	UDAG Repayment	HUD 108 Loan	Home Investment Trust	Other Funds	<i>Total Special Revenue Funds</i>
REVENUES						
Taxes						
Intergovernmental				3,521		19,073
Investment income	152	162	6		308	648
Other		5			1,792	1,811
TOTAL REVENUES	<u>152</u>	<u>167</u>	<u>6</u>	<u>3,521</u>	<u>2,100</u>	<u>21,532</u>
EXPENDITURES						
Current:						
Streets and sanitation						525
Cultural and recreation					136	386
General government	355	450		3,521	2,014	36,305
Total current operations	<u>355</u>	<u>450</u>		<u>3,521</u>	<u>2,150</u>	<u>37,216</u>
Debt service						4,659
Capital outlays						
Bond issue costs						
TOTAL EXPENDITURES	<u>355</u>	<u>450</u>		<u>3,521</u>	<u>2,150</u>	<u>41,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(203)</u>	<u>(283)</u>	<u>6</u>		<u>(50)</u>	<u>(20,343)</u>
Other financing sources (uses):						
Proceeds from issuance of debt						
Premiums on issuance of bonds						
Payment to escrow agent						
Operating transfers in						
Operating transfers out						0
Total other financing sources (uses)					<u>0</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(203)</u>	<u>(283)</u>	<u>6</u>	<u>0</u>	<u>(50)</u>	<u>(20,343)</u>
Fund balances, beginning of year	<u>4,515</u>	<u>4,592</u>	<u>132</u>	<u>0</u>	<u>8,172</u>	<u>46,645</u>
Fund balances, end of year	<u>\$4,312</u>	<u>\$4,309</u>	<u>\$138</u>	<u>\$0</u>	<u>\$8,122</u>	<u>\$26,302</u>

City of Birmingham, Alabama
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Debt Service Funds
For the Year Ended June 30, 2008
(in thousands)

	<i>Debt Service Funds</i>		
	Tax Increment Financing	Tax Increment Reserve	<i>Total Debt Service Funds</i>
REVENUES			
Taxes	\$4,007		\$4,007
Intergovernmental			
Investment income	2	38	40
Other			
TOTAL REVENUES	<u>4,009</u>	<u>38</u>	<u>4,047</u>
EXPENDITURES			
Current:			
Streets and sanitation			
Cultural and recreation			
General government			
Total current operations			
Debt service		4,277	4,277
Capital outlays			
Bond issue costs			
TOTAL EXPENDITURES		<u>4,277</u>	<u>4,277</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,009</u>	<u>(4,239)</u>	<u>(230)</u>
Other financing sources (uses):			
Proceeds from issuance of debt			
Premiums on issuance of bonds			
Payment to escrow agent			
Operating transfers in		3,984	3,984
Operating transfers out	(3,984)		(3,984)
Total other financing sources (uses)	<u>(3,984)</u>	<u>3,984</u>	<u>0</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	25	(255)	(230)
Fund balances, beginning of year	<u>25</u>	<u>1,216</u>	<u>1,241</u>
Fund balances, end of year	<u>\$50</u>	<u>\$961</u>	<u>\$1,011</u>

City of Birmingham, Alabama
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects
For the Year Ended June 30, 2008
(in thousands)
(Page 1 of 3)

	Special Assessments	General Obligation Bond Issues	Capital Improvement	Fuel Tax	Highway Improvement	Industrial Park Improvement
REVENUES						
Taxes						
Intergovernmental				1,564	3,345	
Investment income	13	184	4	164	2	14
Other	122					
TOTAL REVENUES	135	184	4	1,728	3,347	14
EXPENDITURES						
Current:						
Streets and sanitation					(43)	
Cultural and recreation						
General government						
Total current operations					(43)	
Debt service				702	3,427	
Capital outlays		2,192	14,434	1,270		70
TOTAL EXPENDITURES	0	2,192	14,434	1,972	3,384	70
Excess (deficiency) of revenues over (under) expenditures	135	(2,008)	(14,430)	(244)	(37)	(56)
Other financing sources (uses):						
Operating transfers in			32,569			
Operating transfers out						
Total other financing sources (uses)		0	32,569			0
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	135	(2,008)	18,139	(244)	(37)	(56)
Fund balances, beginning of year	413	14,913	30,196	3,987	1,346	390
Fund balances, end of year	\$548	\$12,905	\$48,335	\$3,743	\$1,309	\$334

City of Birmingham, Alabama
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects
For the Year Ended June 30, 2008
(in thousands)
(Page 2 of 3)

	Capital Improvement Gen.Obligation Warrants	Street Improvement Warrants	1994 General Obligation Warrants	1997 General Obligation Warrants	1998-A General Obligation Warrants	1998-B General Obligation Warrants
REVENUES						
Taxes						
Intergovernmental						
Investment income	231	65	27	1	40	(40)
Other						
TOTAL REVENUES	231	65	27	1	40	(40)
EXPENDITURES						
Current:						
Streets and sanitation		321	27	13		
Cultural and recreation						
General government						
Total current operations		321	27	13		
Debt service						240
Capital outlays	848				160	2,096
TOTAL EXPENDITURES	848	321	27	13	160	2,336
Excess (deficiency) of revenues over (under) expenditures	(617)	(256)	0	(12)	(120)	(2,376)
Other financing sources (uses):						
Operating transfers in						
Operating transfers out						
Total other financing sources (uses)						
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(617)	(256)	0	(12)	(120)	(2,376)
Fund balances, beginning of year	3,231	1,609	672	66	1,152	3,706
Fund balances, end of year	\$2,614	\$1,353	\$672	\$54	\$1,032	\$1,330

City of Birmingham, Alabama
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects
For the Year Ended June 30, 2008
(in thousands)
(Page 3 of 3)

	2004-A General Obligation Warrants	2006-C General Obligation Warrant	2007-B General Obligation Warrant	2007-A General Obligation Bonds	Tax Increment Financing Warrants	Total Capital Projects Funds	Total Nonmajor Funds
REVENUES							
Taxes							\$4,007
Intergovernmental						4,909	23,982
Investment income	53	849	430	1,875	137	4,049	4,737
Other						122	1,933
TOTAL REVENUES	53	849	430	1,875	137	9,080	34,659
EXPENDITURES							
Current:							
Streets and sanitation					3	321	846
Cultural and recreation							386
General government							36,305
Total current operations					3	321	37,537
Debt service						4,369	13,305
Capital outlays	619	4,283	1,554	4,223		31,749	31,749
TOTAL EXPENDITURES	619	4,283	1,554	4,223	3	36,439	36,439
Excess (deficiency) of revenues over (under) expenditures	(566)	(3,434)	(1,124)	(2,348)	134	(27,359)	(1,780)
Other financing sources (uses):							
Operating transfers in						32,569	36,553
Operating transfers out						0	(3,984)
Total other financing sources (uses)		0	0	0	0	32,569	32,569
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(566)	(3,434)	(1,124)	(2,348)	134	5,210	(15,363)
Fund balances, beginning of year	751	25,585	12,691	53,118	1,660	155,486	203,372
Fund balances, end of year	\$185	\$22,151	\$11,567	\$50,770	\$1,794	\$160,696	\$188,009

Statistical Section

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

Financial Trends

These schedules present information on how the City's financial performance has changed over the past 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 Seven Fiscal Years
(in thousands)

Table A-1

	Fiscal Year Ended June 30,						
	2002	2003	2004	2005	2006	2007	2008
Governmental activities:							
Invested in capital assets, net of related debt	\$46,665	\$78,637	\$62,685	(\$18,295)	\$53,708	\$73,876	\$74,322
Restricted	93,059	117,253	114,982	361,917	205,388	271,686	277,817
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>
Total governmental activities net assets	411,379	377,876	346,248	318,589	283,283	254,103	\$273,276
Business-type activities:							
Invested in capital assets, net of related debt	933	871	784	764	942	922	901
Unrestricted	<u>795</u>	<u>844</u>	<u>540</u>	<u>290</u>	<u>(8)</u>	<u>74</u>	<u>(464)</u>
Total business-type activities net assets	1,728	1,715	1,324	1,054	934	996	437
Primary Government:							
Invested in capital assets, net of related debt	47,598	79,508	63,469	(17,531)	54,650	74,798	75,223
Restricted	93,059	117,253	114,982	361,917	205,388	271,686	277,817
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>
Total primary government net assets	<u>\$413,107</u>	<u>\$379,591</u>	<u>\$347,572</u>	<u>\$319,643</u>	<u>\$284,217</u>	<u>\$255,099</u>	<u>\$273,713</u>

* 2007 classification is restated to reflect the reclassification of unspent bond proceeds

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

Table A-2
(2 of 2)

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

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

Table A-2
(2 of 2)

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses:			
Governmental activities:			
General government	\$122,163	\$106,000	\$ 88,799
Public safety	181,014	163,704	163,149
Streets & sanitation	68,749	95,381	93,821
Culture & recreation	38,547	42,222	43,895
Interest on long-term debt	22,414	23,989	27,643
Total governmental activities expenses	<u>432,887</u>	<u>431,296</u>	<u>417,307</u>
Business-type activities:			
E-911 Services	3,157	3,196	3,935
Total primary government expenses	<u>\$436,044</u>	<u>\$434,492</u>	<u>\$421,242</u>
Program Revenues:			
Governmental activities:			
Charges for services			
General government:			
Business licenses & permits	54,951	60,002	85,721
Non-business licenses & permits	5,613	5,347	5,342
Public safety	17,244	17,327	14,739
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Operating grants and contributions	8,221	18,606	19,830
Total governmental activities program revenues	<u>88,712</u>	<u>104,505</u>	<u>128,357</u>
Business-type activities:			
E-911 Services	2,998	3,156	3,308
Total primary government program revenues	<u>\$91,710</u>	<u>\$107,661</u>	<u>\$131,665</u>
Net (Expense)/Revenue			
Governmental activities	(\$344,175)	(\$326,791)	(\$288,950)
Business-type activities	(159)	(40)	(627)
	<u>(\$344,334)</u>	<u>(\$326,831)</u>	<u>(\$289,577)</u>
General Revenues and Other Changes in Net Assets:			
Governmental activities:			
Taxes:			
Sales and use taxes	\$109,085	\$109,665	\$129,732
Occupational taxes	72,297	75,269	76,918
Property taxes	52,669	54,920	62,698
Unrestricted grants and contributions	19,585	23,853	19,975
Investment earnings	10,834	21,168	10,684
Other	10,189	12,736	8,116
Total governmental activities	<u>274,659</u>	<u>297,611</u>	<u>308,123</u>
Business-type activities:			
Investment earnings	39	102	68
Total primary government	<u>\$274,698</u>	<u>\$297,713</u>	<u>\$308,191</u>
Change (decrease) in Net Assets:			
Governmental activities	(\$69,516)	(\$29,180)	\$19,173
Business-type activities	(120)	62	(559)
Total primary government	<u>(\$69,636)</u>	<u>(\$29,118)</u>	<u>\$18,614</u>

Source: City Finance Department Data

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

Table A-3

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund							
Reserved	\$6,193	\$6,892	\$5,417	\$13,969	\$7,584	\$10,448	11,417
Unreserved	85,653	81,120	78,316	60,209	70,389	85,368	106,065
Total general fund	<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>
Other Governmental Funds:							
Reserved, reported in:							
Special revenue funds	\$102,791	\$267,364	\$250,697	\$216,063	\$160,123	\$134,246	113,754
Debt service funds	64,356	64,246	61,310	53,097	46,674	45,394	44,216
Capital projects funds	85,732	132,461	106,470	99,964	76,151	155,487	160,696
	<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>
Unreserved, reported in:							
Special revenue funds	(3,522)	(2,351)	(3,618)	(2,663)	(1,744)	(2,278)	(2,484)
Debt service funds	(1,738)	(2,889)	(274)				
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>
Total other governmental funds	<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>\$316,182</u>

Source: City Finance Department Data

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

Table A-4

	2002	2003	2004	2005	2006	2007	2008
REVENUES:							
Taxes	\$208,943	\$208,814	\$214,741	\$227,235	\$234,051	\$239,854	\$269,348
Licenses and permits	51,743	50,758	52,776	55,622	60,564	65,349	91,063
Intergovernmental	38,785	31,568	30,428	33,699	39,273	41,669	39,805
Charges for services	15,806	16,300	16,776	16,119	15,746	16,432	12,927
Fines and forfeitures	4,858	5,112	4,593	4,741	4,181	4,118	4,537
Investment income	17,648	18,038	9,304	12,562	10,834	21,168	10,684
Other operating revenues	16,642	16,752	7,213	6,862	5,471	9,934	8,157
TOTAL REVENUES	354,425	347,342	335,831	356,840	370,120	398,524	436,521
EXPENDITURES:							
Current:							
Public safety	131,523	136,268	137,803	140,215	145,688	148,485	155,120
Street and sanitation	68,485	71,283	71,401	77,573	68,483	64,359	66,788
Cultural and recreational	38,741	40,429	38,138	37,854	38,547	40,752	42,480
General government	71,718	87,219	81,859	91,708	126,133	102,804	82,681
Other	3,585	1,852			416	242	139
Total current operations	314,052	337,051	329,201	347,350	379,267	356,642	347,208
Debt service:							
Principal	10,835	24,041	9,345	19,457	23,669	24,918	27,424
Interest	16,462	17,528	16,350	18,180	15,975	20,508	25,418
Total debt service	27,297	41,569	25,695	37,637	39,644	45,426	52,842
Capital outlays	47,827	32,405	53,474	31,079	38,075	34,641	31,749
Warrant/Bond issue costs	2,132	2,604	545	217	541	11,772	0
TOTAL EXPENDITURES	391,308	413,629	408,915	416,283	457,527	448,481	431,799
Excess (deficiency) of revenues over (under) expenditures	(36,883)	(66,287)	(73,084)	(59,443)	(87,407)	(49,957)	4,722
Other financing sources (uses):							
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		
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
Transfers out	(38,819)	(229,415)	(32,809)	(63,764)	(49,221)	(40,559)	(69,971)
Net other financing sources	7,149	273,665	24,058	1,535	6,574	119,547	278
Net change in fund balances	(29,734)	207,378	(49,026)	(57,908)	(80,833)	69,590	5,000
Debt service as a percentage of noncapital expenditures	7.60%	11.70%	7.10%	10.50%	10.00%	11.60%	14.20%

Source: City Finance Department Data

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

Table B-1

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

The City of Birmingham imposes a 1% sales tax on the retail sales of automotive vehicles, house trailers, and mobile home set-up materials and supplies; a 1% sales tax on the retail sales of machines, machinery, or equipment used in mining, quarrying, compounding, processing, and manufacturing tangible personal property; a 4% 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 Seven 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>
Breakdown of Tax Revenues:							
Sales and Use Tax	\$103,834	\$101,434	\$100,608	\$107,271	\$109,085	\$109,665	\$129,732
Occupational Tax	63,051	64,522	65,537	69,346	72,297	75,269	76,918
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>
	\$ 208,943	\$208,814	\$214,741	\$227,235	\$234,051	\$239,854	\$269,348
% of Sales & Use to Total Taxes	49.69%	48.58%	46.85%	47.21%	46.61%	45.72%	48.17%

Source: Finance Department Data

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

Table C-1

Fiscal Year	General Obligation Bonds	General Obligation Warrants	Revenue Warrants	Capital Leases	Total	Personal Income	Percentage of Personal Income	Per Capita
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

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						
1998	1990	265,968	1,840,047,341	449,855,000	63,970,000	385,885,000	20.97%	\$1,451
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

* 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			
1998	1,245,579	7,221,650	465,625	2,327,559	128,843	858,953	1,840,047	10,408,162	17.68%
1999	1,483,666	8,269,172	634,398	3,171,990	175,248	1,168,318	2,293,312	12,609,480	18.19%
2000	1,492,553	8,766,013	442,548	2,212,740	215,371	1,435,807	2,150,472	12,414,560	17.32%
2001	1,481,383	8,738,667	459,883	2,299,375	256,170	1,708,655	2,197,436	12,746,697	17.24%
2002	1,527,622	8,988,867	491,702	2,458,367	252,544	1,683,624	2,271,868	13,130,858	17.30%
2003	1,674,340	10,542,808	496,546	2,482,650	251,126	1,674,170	2,422,012	14,699,628	16.48%
2004	1,776,272	11,123,810	489,175	2,445,835	250,363	1,669,088	2,515,810	15,238,733	16.51%
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%

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

* Source: Tax Assessors for Jefferson and Shelby Counties

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

Property is assessed on the following basis:
 Class I-Public Utility 30%
 Class II-Commercial 20%
 Class III-Residential 10%
 Class IV-Automobile 15%

City of Birmingham, Alabama
Schedule of Direct and Overlapping Debt
Last Seven Fiscal Years

Table C-4

	2002	2003	2004	2005	2006	2007	2008
Direct Debt							
City of Birmingham:							
Gross bonded debt and warrants outstanding	\$521,970,000	\$563,060,000	\$570,350,000	\$543,705,000	\$519,190,000	\$602,845,000	\$566,565,000
Less debt service funds net assets	(60,704,000)	(59,400,000)	(58,850,000)	(51,208,000)	(45,161,000)	(44,153,000)	(43,205,000)
Direct Debt	<u>461,266,000</u>	<u>503,660,000</u>	<u>511,500,000</u>	<u>492,497,000</u>	<u>\$474,029,000</u>	<u>\$558,692,000</u>	<u>\$523,360,000</u>
Overlapping Debt							
Jefferson County, Alabama overlapping debt ¹	284,550,853	268,230,000	297,830,000	330,825,000	1,359,650,000	293,670,000	4,460,127,500
Jefferson County Board of Education ²	<u>165,128,164</u>	<u>165,128,164</u>	<u>159,346,848</u>	<u>157,007,440</u>	<u>139,582,778</u>	<u>131,988,842</u>	<u>124,681,608</u>
Total bonds and warrants outstanding	449,679,017	433,358,164	457,176,848	487,832,440	1,499,232,778	425,658,842	4,584,809,108
% of debt applicable to City of Birmingham	36.40%	36.40%	36.40%	36.40%	36.40%	36.40%	36.40%
City of Birmingham Debt Burden	<u>163,683,162</u>	<u>157,742,372</u>	<u>166,412,373</u>	<u>177,571,008</u>	<u>545,720,731</u>	<u>154,939,818</u>	<u>1,668,870,515</u>
Shelby County, Alabama					46,550,000	46,550,000	60,220,000
Shelby County, Alabama Board of Education ³	<u>151,920,508</u>	<u>144,480,138</u>	<u>136,971,563</u>	<u>129,813,760</u>	<u>115,415,272</u>	<u>161,418,000</u>	<u>177,068,421</u>
% of debt applicable to City of Birmingham	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
City of Birmingham Debt Burden	<u>2,278,808</u>	<u>2,167,202</u>	<u>2,054,573</u>	<u>1,947,206</u>	<u>2,429,479</u>	<u>3,119,520</u>	<u>3,559,326</u>
Total Direct and Overlapping Debt	<u><u>\$627,227,970</u></u>	<u><u>\$663,569,574</u></u>	<u><u>\$679,966,946</u></u>	<u><u>\$672,015,215</u></u>	<u><u>\$1,022,179,210</u></u>	<u><u>\$716,751,338</u></u>	<u><u>\$1,672,429,842</u></u>

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

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

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

Source: Jefferson County Director of Finance

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

Source: Jefferson County Board of Education

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

Source: Shelby County Director of Finance Education

City of Birmingham, 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

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

Source: Shelby County Tax Assessor

**City of Birmingham, Alabama
Legal Debt Margin
Last Seven 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>
Assessed value of real and personal property ¹	<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>
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
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
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)
Less debt service fund balances	(60,704,000)	(59,400,000)	(58,850,000)	(51,208,000)	(45,161,000)	(44,153,000)	(32,372,282)
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>
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>

¹ Source: Jefferson County Tax Assessor and Department of Revenue

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

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

Table C-7

City of Birmingham				
<u>Beginning October 1</u>	<u>Assessed Valuation</u>	<u>Total Taxes Levied</u>	<u>Uncollectible at Sale Date</u>	
			<u>Amount</u>	<u>Percentage</u>
1998	1,711,204,381	42,226,013	278,750	0.66%
1999	2,118,433,717	51,753,527	203,417	0.39%
2000	1,935,101,332	47,038,556	234,328	0.50%
2001	1,942,139,212	50,637,230	365,764	0.72%
2002	1,929,418,765	52,780,331	679,324	1.29%
2003	2,170,886,167	59,048,850	692,802	1.17%
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%

Jefferson County				
<u>Beginning October 1</u>	<u>Assessed Valuation</u>	<u>Total Taxes Levied</u>	<u>Uncollectible at Sale Date</u>	
			<u>Amount</u>	<u>Percentage</u>
1998	4,647,424,025	284,182,209	892,304	0.31%
1999	5,684,682,452	349,807,893	633,356	0.18%
2000	5,523,608,900	340,759,254	897,388	0.26%
2001	5,596,211,994	351,730,297	1,169,066	0.33%
2002	5,771,213,901	365,507,555	2,879,114	0.79%
2003	6,506,073,106	420,329,739	2,610,384	0.62%
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	495,903,833	2,975,424	0.60%

Shelby County				
<u>Beginning October 1</u>	<u>Assessed Valuation</u>	<u>Total Taxes Levied</u>	<u>Uncollectible at Sale Date</u>	
			<u>Amount</u>	<u>Percentage</u>
1998	1,172,999,000	56,556,936	1,645,171	2.91%
1999	1,435,400,100	71,537,000	2,201,200	3.08%
2000	1,478,400,100	77,733,000	194,700	0.25%
2001	1,595,590,500	80,076,800	1,720,600	2.15%
2002	1,688,065,200	84,633,100	2,048,200	2.42%
2003	1,754,022,160	104,069,970	347,557	0.33%
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%

Source: 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, 2008			Fiscal Year Ended June 30, 1999		
	Total Assessed	% of Total		Total Assessed	% of Total	
	Value of Property	Rank	Property Taxes Collected	Value of Property	Rank	Property Taxes Collected
Alabama Power Company	\$114,292,060	1	5.54%	\$86,421,600	1	7.00%
Bellsouth Telecommunications	55,919,260	2	2.71%	57,698,640	2	4.70%
American Cast Iron & Pipe Company	40,970,072	3	1.75%	17,549,900	5	1.40%
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%	12,912,900	7	1.10%
CMMC Development Company	17,036,760	8	0.82%			
Chase Bank of Texas NA	16,044,760	9	0.77%			
Tish Robert Preston	15,759,380	10	0.76%			
A T & T Communications				23,266,840	3	1.90%
Murray-Ash Communications				15,070,742	6	1.20%
Big B Inc				20,102,661	4	1.60%
HealthSouth Medical Corporation				12,145,480	8	1.00%
Ogihara American Corporation				12,981,466	9	0.90%
HealthSouth Aviation				9,521,042	10	0.80%
	<u>\$348,865,538</u>		<u>16.64%</u>	<u>\$267,671,271</u>		<u>21.60%</u>

Source: Jefferson and Shelby Counties Tax Collectors

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

Table D-1

Year	Population	Average Personal Income	Per Capita Personal Income	Unemployment Rate
1999	265,968	31,851	15,663	3.1%
2000	242,820	31,851	15,663	5.6%
2001	242,820	31,851	15,663	6.4%
2002	242,820	31,851	15,663	7.8%
2003	242,820	31,851	15,663	8.5%
2004	242,820	31,851	15,663	8.2%
2005	242,820	31,851	15,663	5.0%
2006	242,820	31,851	15,663	4.7%
2007	242,820	31,851	15,663	3.7%
2008	242,820	31,851	15,663	

Population figures based on 1990 and 2000 census

Unemployment rates source: Alabama Department of Industrial Relations

Personal income and per capital personal income source: U. S. Bureau
of the Census 1990 and 2000

City of Birmingham MSA
Principal Employers
Current Fiscal Year and Nine Years Ago

Table D-2

Employer	2008			1999		
	# of Employees	Rank	% of Total City Employment	# of Employees	Rank	% of Total City Employment
University of Alabama in Birmingham	18,750	1	3.52%	15,514	1	3.22%
A T & T	5,485	2	1.03%	6,245	6	1.30%
Regions Bank	5,000	3	0.94%			
Birmingham Board of Education	5,000	4	0.94%	4,500	10	0.93%
City of Birmingham	4,989	5	0.94%			
Jefferson County Board of Education	4,800	6	0.90%	6,252	5	1.30%
Jefferson County Schools Public Education Ftd.	4,800	7	0.90%			
Honda Manufacturing of Alabama	4,500	8	0.84%			
Baptist Health System, Inc.	4,000	9	0.75%	6,600	4	1.37%
Mercedes-Benz U. S. International Inc.	4,000	10	0.75%			
U. S. Government				9,700	2	2.01%
State of Alabama				5,286	7	1.10%
Bruno's Inc.				4,697	9	0.97%
AmSouth Bank				6,667	3	1.38%
SouthTrust Bank				5,200	8	1.08%
	61,324		11.51%	70,661		14.66%

Source: Birmingham Regional Chamber of Commerce

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

Table E-1

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government:										
City Clerk	9	9	9	9	9	8	8	8	12	12
City Council	38	40	45	45	43	43	43	44	44	44
Community Development	8	8	8	8	11	11	11	11	11	11
Economic Development	11	0	0	0	0	0	0	0	0	0
Finance	114	116	119	119	119	116	119	118	117	111
Law	30	31	33	33	35	34	38	36	35	34
Mayor's Office	44	53	54	56	48	53	53	53	67	65
Equipment Management	89	89	89	89	89	86	86	86	86	83
Information Management Services	44	46	62	62	61	58	65	61	61	55
Personnel	16	16	18	18	18	17	18	19	38	35
Public Safety:										
Planning, Engineering, & Permits	230	227	233	232	235	226	225	213	204	194
Communications	16	16	0	0	0	0	0	0	0	0
Fire	683	688	688	688	689	687	687	723	709	709
Parole & Probation	11	11	11	11	11	10	10	10	10	10
Police	1,181	1,207	1,210	1,216	1,217	1,187	1,187	1,179	1,181	1,181
Municipal Court	56	62	63	65	71	67	66	64	66	63
Traffic Engineering	89	89	89	89	89	86	86	84	86	84
Police:										
Officers	921	916	917	917	892	862	864	859	859	859
Civilians	260	291	293	299	325	327	323	620	320	322
Fire:										
Officers	628	628	628	628	628	628	628	648	648	648
Civilians	55	60	60	60	60	58	58	75	61	61
Environmental & Streets:										
Street & Sanitation	988	1,008	0	0	0	0	0	0	0	0
Public Works	0	0	1,012	1,165	1,204	1,177	1,174	1,166	1,164	1,088
Horticulture & Urban Forestry	156	153	153	0	0	0	0	0	0	0
Culture & Recreation:										
State Fairgrounds	0	0	0	0	2	1	1	1	5	5
Auditorium	39	39	39	39	39	34	34	23	23	21
Arlington	8	9	8	8	8	8	8	7	12	12
Library	300	300	300	300	308	305	305	305	300	300
Museum of Art	30	35	35	32	32	30	30	28	42	42
Parks & Recreation	399	280	280	280	278	264	265	263	269	305
Southern Museum of Flight	6	6	6	6	6	6	6	6	9	9
Sloss Furnaces	18	18	18	18	18	17	17	14	14	14
Totals	4,613	4,556	4,582	4,588	4,640	4,531	4,542	4,522	4,565	4,487

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
 Operating Indicators by Function/Program
 Last Seven Fiscal Years

Table E-2

Function/Program	2002	2003	2004	2005	2006	2007	2008
Fire:							
# of fires extinguished	2,568	2,558	2,428	3,648	2,695	2,704	2,344
Emergency Responses	48,140	48,568	49,026	51,383	51,642	52,313	51,601
# of inspections	4,073	6,964	6,964	7,500	6,651	6,412	10,516
Library:							
Volumes in collection	905,596	902,071	894,943	902,614	898,266	899,404	888,099
Circulation	1,845,447	1,704,473	1,595,944	1,434,350	1,425,546	1,519,261	1,513,449
Planning, Engineering & Permits:							
Building Permits Issued	3,403	3,649	3,511	3,731	3,629	3,547	3,257
Other Permits Issued	11,677	12,399	12,473	13,364	14,018	12,967	11,524
Police:							
# of arrests	27,118	21,996	21,379	20,859	23,757	24,904	26,801

Source: Various City departments

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

Table E-3

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

Source: Various City departments