



**BIRMINGHAM FORWARD**

—MAYOR WILLIAM A. BELL, SR.—

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CITY OF BIRMINGHAM, ALABAMA**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

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**City of Birmingham, Alabama  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 2016**

**TABLE OF CONTENTS**

	<b>Page(s)</b>
<b>INTRODUCTORY SECTION</b>	
Officials of the City of Birmingham, Alabama	1
Letter of Transmittal	2-8
Certificate of Achievement for Excellence in Financial Reporting	9
Organization of the City of Birmingham	10
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	11-13
Management's Discussion and Analysis	14-24
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	25-26
Statement of Activities	27
Fund Financial Statements:	
Balance Sheet - Governmental Funds	28
Reconciliation of Governmental Fund balance Sheet	29
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual, General Fund	32
Statement of Net Position-Proprietary Funds	33-34
Statement of Revenues, Expenses, and Changes in Net Assets-Proprietary Funds	35-36
Statement of Cash Flows-Proprietary Funds	37
Statement of Fiduciary Net Position	38
Statement of Changes in Fiduciary Net Position	39
Combining Statement of Net Position-Nonmajor Component Units	40
Combining Statement of Activities-Nonmajor Component Units	41
Notes to the Financial Statements	42-97
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios - Pension Plan	98-100
Schedule of Employer Contributions - Pension Plans	101-102
Schedule of Funding Progress - OPEB	103
Other Supplementary Information	
Combining Statement of Fiduciary Net Position - Pension Trust	104
Combining Statement of Fiduciary Changes - Pension Trust	105
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual, General Fund	106
Combined Balance Sheet-Nonmajor Governmental Funds	107
Combining Balance Sheet - Nonmajor Governmental Funds	108-113
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	115-119

**City of Birmingham, Alabama  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 2016**

**TABLE OF CONTENTS**

**STATISTICAL SECTION**

**Financial Trends**

Net Position by Components for Last Nine Fiscal Years	120
Changes in Net Position for Last Nine Fiscal Years	121-122
Fund Balances for Last Nine Fiscal Years	123-124
Changes in Fund Balances for Last Nine Fiscal Years	125

**Revenue Capacity**

Sales and Use Tax Revenues	126
Sales and Use Tax Revenues to Total Taxes	127

**Debt Capacity**

Ratios of Outstanding Debt by Type for Ten Fiscal Years	128
Ratios of General Bonded Debt Outstanding for Last Ten Fiscal Years	129
Assessed Value and Estimated True Value of All Taxable Property	130
Direct and Overlapping Debt for Last Seven Fiscal Years	131
Property Taxes-Direct and Overlapping Governments	132
Estimated Legal Debt Margin	133-134
Property Taxes Levied and Collected	135
Principal Property Taxpayers	136

**Demographic and Economic Information**

Demographic and Economic Statistics for Last Ten Fiscal Years	137
Principal Employers - Current Fiscal Year and Prior Ten Years Ago	138
Metropolitan Birmingham Employers - By Industry	139

**Operating Information**

Full-time Equivalent City Government Employees by Function/Program	140
Capital Asset Statistics by Function/Program	141
E911 Call Center Statistics	142
Permit Valuations and Counts	143
Police Department Statistics	144
Municipal Court Statistics	145

**Debt Service Schedules**

146-166

## **INTRODUCTORY SECTION**

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





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# OFFICIALS OF THE CITY OF BIRMINGHAM



## MAYOR WILLIAM A. BELL, SR.

## CITY COUNCIL

Johnathan Austin, President, District #5  
Steven W. Hoyt President Pro-Tem, District #8

LaShunda Scales, District #1  
Valerie A. Abbott, District #3  
Sheila Tyson, District #6  
Marcus Lundy, District #9

Kim Rafferty, District #2  
William Parker, District #4  
Jay Roberson, District #7

## DEPARTMENT HEADS

AUDITORIUM .....	Kevin Arrington, Director
CITY CLERK.....	Lee Frazier, City Clerk
CITY COUNCIL .....	Cheryl A. Kidd, Council Administrator
COMMUNITY DEVELOPMENT .....	John Colon, Director
EQUIPMENT MANAGEMENT .....	Cedric Roberts, Director
FINANCE .....	J. Thomas Barnett, Jr., Director
FIRE .....	Charles E. Gordon, Chief
HUMAN RESOURCES.....	Peggy Polk, Director
INFORMATION MANAGEMENT SERVICES .....	Srikanth Karra, Director
LAW.....	Ralph D. Cook, Acting City Attorney
MAYOR'S OFFICE .....	Jarvis Patton, Chief of Operations
MUNICIPAL COURT .....	Andra Sparks, Presiding Judge
PLANNING, ENGINEERING AND PERMITTING .....	Andre Bittas, Director
POLICE.....	A.C. Roper, Chief
PUBLIC WORKS.....	M. Stephen Fancher, Director
TRAFFIC ENGINEERING .....	Gregory Dawkins, Traffic Engineer

## BOARD DIRECTORS

ARLINGTON.....	Steve Moode, Director
LIBRARY.....	Sandi Lee, Interim Director
MUSEUM OF ART.....	Gail Andrews, Director
PARKS AND RECREATION .....	Kevin Moore, Director
SLOSS FURNACES.....	John W. Nixon, Director
SOUTHERN MUSEUM OF FLIGHT .....	Dr. Brian J Barsanti, Director



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# CITY OF BIRMINGHAM

## DEPARTMENT OF FINANCE

A-100 CITY HALL

710 NORTH 20TH STREET

BIRMINGHAM, ALABAMA 35203-2227

WILLIAM A. BELL, SR.  
MAYOR

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

BETTYE W. GRIGGS  
DEPUTY DIRECTOR

J. THOMAS BARNETT, JR.  
FINANCE DIRECTOR

BARBARA D. MCGRUE  
DEPUTY DIRECTOR

November 23, 2016

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

The City of Birmingham's Comprehensive Annual Financial Report ("CAFR") for fiscal year 2016, is hereby submitted. This report represents the official comprehensive publication of the City's financial position at June 30, 2016. Responsibility for the accuracy, completeness, and fairness of the data, including all disclosures, rests with management of the City of Birmingham. The basis of reliance for the financial statements is a comprehensive framework of internal control. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the statements are free of any material misstatements.

In compliance with the City's Mayor-Council Act, the submitted financial statements were subjected to an independent audit. Banks, Finley, White & Co. has issued an unqualified opinion on the City of Birmingham's financial statements for the year ended June 30, 2016. Their report is located at the front of the financial section of the CAFR.

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

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

## CITY PROFILE AND REPORTING ENTITY

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

Included in this report is an organizational chart showing the twenty-three departments responsible for the administration and operation of the City of Birmingham. These departments provide valuable services to the citizens such as police and fire protection, maintenance and construction of highways and streets, recreational and cultural activities, sanitation services, and libraries and museums. This report includes the financial operations of three legal entities for which the City is financially accountable. The financial operations of the Birmingham Airport Authority and the Birmingham Parking Authority are discretely presented component units. See Note 1A. The Public, Athletic, Cultural and Entertainment Facilities Board is a blended component unit and results of its operations are shown in the non-major Special Revenue funds combining statements.

Birmingham's diverse economy, once highly dependent on the iron and steel industry, benefits today from a diversified group of businesses, including finance, healthcare, technology and construction. Projects that are planned, under construction and recently completed are contributing to the economy. These projects are increasing tax revenues and providing jobs which will continue to have a positive impact on the Birmingham-Hoover Metro Area's unemployment rate, which was 5.3% during the month of August, 2016. The State of Alabama's unemployment rate was 5.4% during the same period compared to 4.9% for the United States.

The City is experiencing substantial development and re-development. Multi-family development is taking place over a wide area of the City, with new construction and with repurposing and redevelopment of existing buildings. Approximately 1,185 multifamily units are currently under construction in the City Center area. Several have recently opened for business. Six new hotel projects are in design or under construction, consisting of approximately 600 new hotel rooms. One hotel recently began operations. Three of the hotel projects are repurposing existing buildings and three are new construction. A new Publix Supermarket is scheduled to open in the center of downtown in the next few months in a mixed use development, including apartments.

A new minor league baseball park opened in April, 2013 adjacent to Railroad Park and is the home of the Birmingham Barons, a double-A farm team for the Chicago White Sox. During their recently completed fourth season, the Barons continued to

attract large crowds, leading the Southern League attendance by a wide margin, with 418,361 visitors. The Rotary Club of Birmingham completed construction of a major project which connects, by greenway, the City's award winning Railroad Park with Sloss Furnace National Historic Landmark, approximately seven blocks away. Railroad Park and the ball park are catalysts for development in the area. Alabama Power Company continues construction of the repurposing of a former steam plant, in the heart of the City, adjacent to Railroad Park, into an event and entertainment venue with additional park space, covering a two block area, adding to the City's revitalization efforts.

The Kiwanis Club of Birmingham, in celebration of its 100<sup>th</sup> anniversary, announced that it would donate approximately \$4,000,000 toward improvements at the City's iconic Vulcan statue. Vulcan sits high atop Red Mountain, overlooking downtown Birmingham. Vulcan was Birmingham's entry in the 1904 World's fair and is the Country's largest cast iron statue. The project will include a new plaza, to be known as the Kiwanis Centennial Plaza at Vulcan Park. A two mile walking and biking trail will connect Vulcan Park with the Jones Valley Trail System, which runs for 27 miles through the City and also connects with the Red Rock Ridge System for 300 miles in Jefferson County. The project also includes a new lighting system for Vulcan which will provide colored light shows above downtown.

The construction of a transportation hub in the central downtown area is nearing completion. The facility will house the Birmingham-Jefferson Transit Authority's metro bus system, Greyhound and Amtrak. A large portion of the funding was provided by a Federal grant.

The City's Special 3.5% Lodgings tax increased 13% during the fiscal year, as more visitors patronized the Westin and Sheraton hotels and the Birmingham/Jefferson Civic Center, while attending events there and at the Crossplex and enjoying the Entertainment District at the Civic Center. During 2016 the City entered into a settlement agreement with the Developer/contractor for the baseball stadium and agreed to make payments, totaling \$2.6 million, from the Special Lodging tax, after debt service, to the Developer/Contractor. The payments were scheduled through 2021. Current growth of the tax leads us to believe that the settlement amount may be repaid as early as 2018.

After securing State legislation, the City has incorporated a Land Banking Authority which has the power to accept tax-delinquent properties, clear title and repurpose the property to productive uses. It is designed to assist neighborhood redevelopment in the City, especially depressed neighborhoods. Sustainability of neighborhoods and providing retail shopping opportunities throughout the City is vitally important to the growth of Birmingham's economy. Many neighborhood projects are currently planned, or underway, to improve the quality of life for the City's citizens.

The Birmingham Crossplex, a natatorium, indoor track facility and arena, located approximately 4 miles to the west of the City Center, hosts track and field, volleyball, wrestling and aquatic competition. These first-class athletic facilities are drawing events

from national, regional and state athletic organizations. The Birmingham Crossplex was recently awarded eleven NCAA division I, II and III championship events over the next few years and the Crossplex has bid on a new round of these events. Development of a large track of adjacent city-owned property is underway. When completed, it will initially include restaurants, retail, and a hotel. Additional development is planned for the site.

Oxford Pharmaceuticals, a generic drug manufacturing company, recently commenced construction of a \$60 million plant in the City. The Company will initially employ 61, with expected growth to 200 coming over the next few years, as production increases. In the industrial sector, automotive supplier Kamtek Inc. began construction of a \$50 million expansion in the City that will add 200 new jobs to its existing manufacturing facility, which currently employs 700. Kamtek's expansion is scheduled to begin operations in 2017. CMC/SMI Steel is investing more than \$46 million in its existing plant. This technology project will help the Company be more competitive globally. The University of Alabama at Birmingham ("UAB") is relocating 650 employees, primarily involved in business, billing and coding operations, from its downtown campus to a newly acquired facility in the Avondale area, which will allow the downtown campus to expand clinical facilities. UAB expects to hire an additional 150 employees at the Avondale campus. LabCorp, a leading medical testing facility, is nearing completion of a \$70 million expansion in the Parkside District. The Company operates in approximately 30 locations across the Country, but chose the Birmingham location for its expansion due to the City's business climate and willingness to work with the Company in matters such as incentives and engineering-related challenges often encountered in modernizing a building constructed 100 years ago. Southern Company Services, a service company within the Southern Company, announced the relocation of its corporate headquarters and operations from outside the City of Birmingham to the former BellSouth facilities in the Colonnade. The relocation results in approximately 1,400 new jobs coming into the City and has already spurred plans for new retail development in the area of the Colonnade and the Summit shopping areas. MollerTech recently announced plans to build a \$40 million, 150,000 square foot, plant in neighboring Bibb County, in close proximity to Mercedes Benz. They will build interior parts for next generation Mercedes Benz SUVs. Project Sunrise, a yet to be disclosed industrial announcement, has acquired an existing facility on Pinson Valley Parkway, adjacent to the City. This project is expected to add 746 jobs with an average salary of \$58,000.

In 2012 citizens approved a \$150 million bond referendum. The city issued the remaining bonds, of approximately \$77 million, in Fiscal Year 2016 for various public improvement projects throughout the City. The City received credit ratings of Aa2, AA, AA and AA from Moody's Investors Service, Standard & Poor's, Fitch Ratings and Kroll Bond Ratings, respectively, for its bonds.

The City is currently working to become more energy efficient by contracting with Phillips Lighting North America Corporation and Trane U.S., Inc. Phillips is working on replacing certain lighting owned by the City with energy efficient equipment,

pursuant to a lease. Phillips will guarantee that energy savings will cover the lease payments and, upon payment of the lease, the City will receive all of the savings. The Phillips program is a \$3 million project. The City, subsequent to year-end, entered into leases to fund a program to make City facilities more energy efficient. Trane will perform this work. The leases cover \$61.4 million of projects, including; lighting upgrades in 117 buildings, water upgrades in 119 building, building envelope improvements for 59 buildings, transformer upgrades for 12 buildings, plug load management systems for 16 buildings, energy and HVAC controls for 108 buildings, HVAC/Mechanical upgrades in 45 buildings and roof replacements in 31 buildings. Energy savings from the project are expected to be sufficient to cover the lease payments and are guaranteed by Trane.

The City's major pension fund, the Retirement and Relief System, continued the trend of an increasing unfunded actuarial accrued liability for long-term benefits. The trend continued from the early 2000's, when benefits were increased substantially. As of July 1, 2015 the unfunded actuarial accrued liability of the Plan was approximately \$325 million, up from \$318 million in 2014 but below the \$328 million in 2013 and had a funded ratio of 75.3%, up from 74.8% the previous year. The Governmental Accounting Standards Board ("GASB"), the institution which sets accounting standards for governmental entities, issued new accounting rules governing disclosure information for pensions. The new rule requires the City's actuary to estimate "Net Pension Liability," which is an estimation of all future pension benefit payments using specified assumptions, less the estimated assets in the plan available for those benefits. The present value of the future benefits is computed using a tax-exempt bond interest rate specified by GASB, which is significantly less than the investment target rate of return (4.13% versus 7.50%). The City's Net Pension Liability for the Plan, computed according to GASB methodology, was \$1.04 billion, up from \$548.3 million in 2015. The increase was primarily due to the decrease in the market interest rate used to compute the present value of the liability from last year to this year. The discount rate decreased from 5.76% in 2014 to 5.24% in 2015 to the 4.13% for fiscal year 2016. The present value is inversely related to the movement in interest rates. The remaining amount of the increase was due to actual investment income underperforming the plan's assumed rate of return, due to investment market conditions. The actuary also conducted a five year experience review, which slightly decreased the assumed mortality rate, meaning pensions would be paid longer and also indicated that employees were retiring slightly earlier than assumed. The City is required to present the Net Pension Liability as a liability of the City, similar to the presentation of debt. This presentation is in the Government Wide Financial Statements, which creates the excess of liabilities over assets for the City as a whole. While the Plan is currently able to meet all of its obligations and its funding level compares favorably with many plans around the Country, the City and the Pension Board are studying options for improving the funding of the plan. The City's 2016 Operating Budget included a  $\frac{1}{2}\%$  increase in the City's contribution to the plan and the employees matched this  $\frac{1}{2}\%$ , for a total funding increase of 1% of payroll. Other plan adjustments are under study. No other plan adjustments have been made, but the Board and City do appear to be closer to agreement on plan changes for new hires and funding changes. At July 1, 2015, the unfunded actuarial liability for the Fire & Police Supplemental Pension

System was \$51.6 million, down from \$62.6 million, the prior year. The City's Net Pension Liability for the Plan, computed according to the new GASB methodology, was \$57.2 million, down from \$73.2 million the previous year. Individual financial reports for both plans are available on the City's web-site, at [www.birminghamal.gov](http://www.birminghamal.gov) under City Directory, Finance Department.

The City is a defendant in several lawsuits claiming refunds of taxes previously paid to the City, and interest on those claimed refunds. A total adverse ruling in these cases could have a material impact on the City's financial condition. The City is vigorously defending its positions in these cases.

During the year, the City experienced an operating deficit of approximately \$3.3 million in its General Fund. This was less than the budgeted deficit of \$7.8 million, which was an appropriation of some of the previous year's surplus. Revenues were over the original budget by approximately \$6 million, driven by ad-valorem taxes, sales and use taxes, occupational taxes, permits and the State bank excise tax. Sales and use tax revenue increased by 6% over the previous year. Occupational tax gained 4%, lease/rental tax increased 3%, permits gained 4.6%, and fines and forfeitures increased 2.6%. These business taxes were over budget by approximately \$5.2 million. Business License tax was \$3.3 million under budget and \$5.8 million under last year, at \$79.9 million. The decrease was primarily due to the reduction, by 50%, of the license tax for professional licenses, which carried the highest rate of all business license schedules. Expenses were over the original budget by approximately \$1.5 million, primarily as a result of personnel costs. Total General Fund operating expenses increased \$24 million from the prior year. At the end of 2016, the City's Unassigned General Fund Balance was approximately \$87.5 million and the Birmingham Fund, a special reserve fund, ended the year with a fund balance of approximately \$87.8 million, down from \$91.9 million the previous year. In its Fiscal 2017 Budget, the City appropriated approximately \$5.4 million from General Fund Balance to fund neighborhood improvement projects.

The City's healthcare plan is self-funded and it accounts for its employee and pre-65 retiree healthcare plans in an internal service, proprietary fund. Employee and retiree contributions are receipted as revenue in the fund. The City's planned contribution is recorded as revenue and any excess claims are paid by the City's General Fund by transfer into the fund. During the fiscal year, claims actually dropped \$5.25 million from the previous year, breaking a trend. As a result, the Plan's accumulated deficit from previous years was erased and the Plan now has a fund balance reserve of \$1.5 million. The City was able to keep employee and retiree premiums unchanged for 2017. During the year, the City contributed \$38.8 million for employee healthcare and prescription drug costs and \$4.3 million for retiree costs.

An actuarial study reported that the City's unfunded actuarial accrued liability for Other Post Employment Obligations ("OPEB"), primarily healthcare, increased from the June 30, 2013 valuation of \$139 million to \$161 million on June 30, 2015. The City's Net OPEB obligation, computed according to GASB methodology was \$37.2 million at June 30, 2015, an increase from \$30.5 million.

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award presented to state and local governments for publishing an easily readable and efficiently organized CAFR whose contents conform to program standards and complies with generally accepted accounting principles and applicable legal requirements. The Certificate is valid for a period of one year. The City of Birmingham has received the award for the last 37 consecutive years. We believe our current CAFR continues to conform to Certificate of Achievement program requirements, and we are submitting it to the GFOA for consideration.

The City of Birmingham’s budget report for the fiscal year beginning July 1, 2015, 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 are submitting it to the GFOA for consideration.

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

Additional information, including the City’s Operating and Capital Budgets can be accessed at [www.birminghamal.gov](http://www.birminghamal.gov) under the City Directory - Finance Department and the Budget Office.

Respectfully submitted,



J. Thomas Barnett, Jr.  
Director of Finance



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Government Finance Officers Association

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, 2015**

A handwritten signature in black ink, appearing to read "Jeffrey P. Evans".

Executive Director/CEO



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# City of Birmingham, Alabama Organization Chart





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# **FINANCIAL SECTION**

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





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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 of the City, which represents 1.1%, 1.3% and 10.6% of the assets, net position and revenues, respectively of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such discretely presented component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



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

Page 2

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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Birmingham, Alabama, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 15-25), Schedule of Changes in the Plan's Net Pension Liability and Related Ratios (pages 99-101), Schedule of the Employer's Contributions (pages 102-103), and Schedule of Funding Progress-OPEB (page 104) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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

Page 3

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#### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Birmingham, Alabama's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

November 22, 2016

*Banks, Finley White & Co.*



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This narrative overview and analysis of the financial activities of the City of Birmingham for the fiscal year ended June 30, 2016, is offered by management of the City to the readers of the financial report. Please read it in conjunction with the letter of transmittal presented on pages 2-8 and the financial statements beginning on page 25.

### **Financial Highlights**

- Total net position, which is for the City of Birmingham decreased by \$105 million during the past fiscal year, primarily as a result of new pension accounting rules and the resulting net pension liability.
- The liabilities of the City of Birmingham exceeded its assets at the close of June 30, 2016, by \$348.9 million, primarily due to net pension liability.
- The City of Birmingham's governmental funds reported combined ending fund balances of \$330.9 million as of June 30, 2016, an increase of \$31 million over the prior fiscal year, reflecting the issuance of bonds and the receipt of those capital funds.

### **Overview of Financial Statements**

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

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

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

The *statement of net position*, presented on pages 25 & 26, reports all of the City of Birmingham's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as *net position*.

The *statement of activities* presented on page 27 shows the changes in the City of Birmingham's net assets during the fiscal year ended June 30, 2016. This statement is prepared on the full accrual basis of accounting, meaning that all changes to net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

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

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

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

In fiscal year 2016, the City of Birmingham reported as major funds the General Fund, the Birmingham Fund, the Debt Reserve Fund, the 2013-A Bonds Fund, the 2015-A Bonds Fund, and the Capital Improvement Fund. The other City funds are reported aggregately as non-major funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found on pages 107 through 119 of this report.

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

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The City maintains one enterprise fund, the Emergency Management Communications District (E-911). The City also maintains one internal service fund that provides self-insured health benefits to the City's employees and retirees. The basic proprietary fund financial statements can be found on pages 33 through 37 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties external to the City of Birmingham. Fiduciary funds, accounting for the City's three pension plans, are not reflected in the government-wide financial statements because the resources are not available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds. The basic fiduciary statements can be found on pages 38 through 39 of this report.

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

Other required supplementary information is also presented in this report concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found in the notes to the financial statements for the pension funds beginning on page 98 of this report.

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

**Table of Financial Statements**

**Fund Financial Statements**

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

## Government-Wide Condensed Financial Information

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

The City of Birmingham's restricted net position of approximately \$146.9 million is subject to various legal restrictions regarding use and by federal and state grant requirements. The City's total net position decreased by approximately \$105 million in fiscal year 2016. For additional details on the reconciliation between the two basis, see page 31 of this report.

The following table presents a condensed statement of the City's net position at June 30, 2016 and 2015:

**CONDENSED STATEMENT OF NET POSITION**  
**June 30, 2016 and 2015**  
**(in thousands)**

	Governmental Activities		Business-Type Activities		Totals	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$833,883	\$427,954	\$4,950	\$4,565	\$838,833	\$432,519
Capital assets, net	614,622	583,593	4,386	3,848	619,008	587,441
Total assets	<u>1,448,505</u>	<u>1,011,547</u>	<u>9,336</u>	<u>8,413</u>	<u>1,457,841</u>	<u>1,019,960</u>
Current and other liabilities	80,133	92,097	858	184	80,991	92,281
Long-term liabilities	1,717,320	1,162,151	351	1,154	1,717,671	1,163,305
Total liabilities	<u>1,797,453</u>	<u>1,254,248</u>	<u>1,209</u>	<u>1,338</u>	<u>1,798,662</u>	<u>1,255,586</u>
Net position:						
Net investment in capital assets	180,892	149,863	18	919	180,910	150,782
Restricted	146,904	96,624	-	-	146,904	96,624
Unrestricted	(676,744)	(489,185)	8,109	6,156	(668,635)	(483,029)
Net position	<u>(\$348,948)</u>	<u>(\$242,698)</u>	<u>\$8,127</u>	<u>\$7,075</u>	<u>(\$340,821)</u>	<u>(\$235,623)</u>

Note: Long-term liabilities increased due to net pension liability reporting requirements for GASB 68.

**CONDENSED STATEMENT OF CHANGES IN NET POSITION**  
**For Years Ended June 30, 2016 and 2015**  
(in thousands)

**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$125,841	\$203,212	\$7,595	\$7,003	\$133,436	\$210,215
Operating grants	15,382	57,923	-	-	15,382	57,923
Capital grants	-	7,797	-	-	-	7,797
General revenues:						
Sales and use tax	160,897	151,919	-	-	160,897	151,919
Occupational tax	84,722	81,013	-	-	84,722	81,013
Property tax	58,570	54,808	-	-	58,570	54,808
Unrestricted grants and Contributions	24,125	24,663	-	-	24,125	24,663
Investment earnings	1,940	5,988	18	10	1,958	5,998
Other	20,152	(3,217)	1	-	20,153	(3,217)
Total revenues	491,629	584,106	7,614	7,013	499,243	591,119
<b>EXPENSES:</b>						
Program expenses:						
General government	252,118	232,450	-	-	252,118	232,450
Public safety	218,603	196,529	6,561	5,581	225,164	202,110
Streets and sanitation	65,638	61,527	-	-	65,638	61,527
Culture and recreation	42,080	40,987	-	-	42,080	40,987
Interest on long-term debt	19,441	39,195	-	-	19,441	39,195
Total expenses	597,880	570,688	6,561	5,581	604,441	576,269
Change in net position	(106,249)	13,418	1,052	1,432	(105,197)	14,850
Beginning, restated, net position	(242,699)	222,960	7,075	5,643	(235,624)	228,603
Restatement	-	(479,076)	-	-	-	(479,076)
Ending net position	(\$348,948)	(\$242,698)	\$8,127	\$7,075	(\$340,821)	(\$235,623)

## Fund Analysis

Changes in fund balances for the City's major governmental funds for the fiscal year ended June 30, 2016, are as follows:

	Beginning Balance	Increase (Decrease)	Ending Balance
General Fund	\$ 92,712	\$ (3,262)	\$ 89,450
General Bond Debt Reserve	17,655	6,310	23,965
Capital Improvement Fund	7,869	2,819	10,688
Birmingham Fund	91,972	(4,169)	87,803
2013-A Bonds	35,071	(13,021)	22,050
2015-A Bonds	0	64,526	64,526
	<u>\$ 245,279</u>	<u>\$ 53,203</u>	<u>\$298,482</u>

### Governmental Funds

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

The Fund Balance of the General Fund decreased due to an operating deficit for fiscal year 2016. The deficit was less than the budgeted deficit, which was an appropriation of a portion of the prior year's surplus. The Fund Balance of the General Bond Debt Reserve increased due to increased tax collections and excess transfers out to the Debt Service Fund in prior years, resulting in a smaller transfer this year. The Capital Improvement Fund Balance increased due to transfers in from the General Fund for on-going projects. The Birmingham Fund balance decreased due to transfers to the General Fund for operations and due to poor investment market conditions. The 2013-A Bonds balance decreased due to the expenditure of the funds on capital projects. The 2015-A Bonds balance increased due to the issuance of that series of bonds and the deposit of the bond proceeds, pending disbursements.

The Statement of Revenues, Expenditures, and Changes in Fund Balances provide additional details for the changes in specific funds. This statement can be found on page 30.

### Budget Variances in the General Fund

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

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

### Capital Asset Activity

At June 30, 2016, the City of Birmingham reported approximately \$615 million in net capital assets, including its infrastructure, for governmental activities. The City's Emergency Management Communication District reported approximately \$4.4 million in net capital assets. The notes to the financial statements, on pages 60 through 61, provide more information on capital assets, including the changes that occurred during the fiscal year.

#### **A. Capital Assets**

Capital asset activity for the year ended June 30, 2016 was as follows (in thousands):

	<b>June 30, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2016</b>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 153,167	\$ 1,241	\$ -	\$ 154,408
Construction in progress	106,352	37,813	8,949	135,216
Land, infrastructure projects	<u>16,647</u>	<u>-</u>	<u>-</u>	<u>16,647</u>
Total nondepreciable capital	<u>276,166</u>	<u>39,054</u>	<u>8,949</u>	<u>306,271</u>
Capital assets, depreciable:				
Buildings and capital facilities	320,796	10,969	-	331,765
Furniture and other equipment	174,038	5,207	1,082	178,163
Infrastructure	<u>219,497</u>	<u>840</u>	<u>-</u>	<u>220,337</u>
Total depreciable capital assets	<u>714,331</u>	<u>17,016</u>	<u>1,082</u>	<u>730,265</u>
Less accumulated depreciation:				
Buildings and capital facilities	118,356	4,596	-	122,952
Furniture and other equipment	141,779	8,396	1,082	149,093
Infrastructure	<u>146,771</u>	<u>3,098</u>	<u>-</u>	<u>149,869</u>
Total accumulated depreciation	<u>406,906</u>	<u>16,090</u>	<u>1,082</u>	<u>421,914</u>
Net depreciable capital assets	<u>307,425</u>	<u>925</u>	<u>-</u>	<u>308,350</u>
<b>Governmental activities, net capital assets</b>	<b>\$ 583,591</b>	<b>\$ 39,980</b>	<b>\$ 8,949</b>	<b>\$ 614,622</b>

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
<b>Business-type activities:</b>				
Construction in progress	\$ _____ -	\$ 37	\$ _____ -	\$ 37
Total nondepreciable capital assets	_____ -	37	_____ -	37
Buildings and other capital facilities	1,025	-	-	1,025
Furniture and other equipment	6,277	976	-	7,253
Total depreciable capital assets	7,302	976	-	8,278
Less accumulated depreciation:				
Buildings and other capital facilities	502	20	-	522
Furniture and other equipment	2,952	454	-	3,406
Total accumulated depreciation	3,454	474	-	3,929
Net depreciable capital assets	3,848	502	-	4,350
<b>Business-type activities, net capital assets</b>	<b>\$ 3,848</b>	<b>\$ 539</b>	<b>\$ -</b>	<b>\$ 4,386</b>

#### Long-term Debt Activity

At June 30, 2016, the City of Birmingham had approximately \$545 million of outstanding debt, consisting of its bonds and warrants (including blended component unit debt); of this amount, approximately \$513 million is considered long-term. The notes to the financial statements, on pages 63-70, include additional details for the City's long-term debt activity.

Governmental Activities	<u>2016</u>	<u>2015</u>
Long Term Debt	\$ 513,291	\$ 463,480
Capitalized Leases	9,470	333
	<u>\$ 522,761</u>	<u>\$ 463,813</u>

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

The City's general fund is typically used to liquidate long-term liabilities with the exception of bond debt service, which is paid from the City's Bond Reserve Fund, and the PACE bonds, which are paid from The Special Lodgings Tax and Stadium Lease Revenues.

On July 27, 2015 the City entered into a Lease/Purchase Agreement in the amount of \$3,046,510, representing an energy saving program with Philips Lighting North America Corporation, whereby Philips will install energy saving lights in City owned public parking decks and will guaranty certain levels of energy cost savings. The Lease requires quarterly payments, ending on August 27, 2025.

On August 3, 2015 the City issued \$2,060,000 General Obligation Bond Anticipation Note 2015-A, due January 5, 2016 in anticipation of the issuance of authorized general obligation bonds. These notes were retired on January 5, 2016.

On August 3, 2015, the City issued \$19,885,000 General Obligation Bonds, Series 2015-WFB. These tax-exempt bonds currently refunded a like amount of Series 2014-WFB Bonds with the same maturity amounts. The 2015 bonds had a True Interest Cost of 2.31%. After the completion of this second part of a refunding plan, resulting net present value savings was approximately one million dollars.

On September 8, 2015, the City Council approved a settlement agreement with the Developer and Contractor for the Regions Field baseball stadium, in the amount of \$4.1 million. The City paid \$1.5 million from capital funds, immediately. The City is obligated to pay \$371,430 for six years and \$371,420 in the seventh year from its Special Lodgings Tax Fund. Should the tax be insufficient to make the payment, after paying debt service on outstanding PACE Board debt, the obligation will be limited to the actual revenues available and any underpayment will be added to end of the repayment period. Should the balance in the Special Lodgings Tax Fund exceed \$750,000 on any October 15th, after paying debt service, the excess will be payed to the Developer/Contractor and will reduce the remaining obligation from the last amount due. See page 67 for further details with respect to this agreement.

On December 3, 2015, the City issued \$38,051,900.10 of its General Obligation Bonds, Series 2015-A1 and \$23,215,000 of its General Obligation Bonds, Series 2015-A2. These bonds were issued pursuant to the 2012 bond referendum and the proceeds will be used to fund capital improvements throughout the City.

On January 1, 2016 the City entered into Lease/Purchase Agreements in the amount of \$8,041,266 with Bank of America Capital Corporation in order to acquire Public Safety communication equipment. The term of annual lease payments runs through 2023.

On February 4, 2016, the City issued \$15,430,000 of its General Obligation Bonds, Series 2015-B. The bonds were issued pursuant to the 2012 bond referendum and the proceeds will be used to fund various improvements in the City.

On March 9, 2016, the City entered into a forward Bond Purchase Agreement (Such agreement is referred to herein as "BPA") with respect to its General Obligation Refunding Bonds, Series 2016-A. The issuance of the bonds was conditioned upon the terms specified in the BPA. Under the terms and conditions of the BPA, with respect thereto, the Series 2016-A Bonds, when as and if issued, will provide funds for the current refunding of the City's Series 2006-A Bonds, dated December 21, 2006 that are currently outstanding and that mature in 2017, 2018, 2020, 2023 and 2024. The closing of this issue is scheduled for July 7, 2016. The referenced 2006-A bonds will be redeemed on October 1, 2016 in accordance with their terms.

On April, 21, 2016 The Public Athletic, Cultural and Entertainment Facilities Board of the City of Birmingham issued a \$431,666 Special Revenue Bond to provide funds to complete the Negro Southern League Museum, a baseball museum adjacent to Regions Field stadium. This bond will be repaid from pledged donations from several corporations located in the City.

## **Economic Factors Affecting the City of Birmingham and the 2016 Budget Information**

The City considered several factors in preparing the City's budget for the 2016 fiscal year. For one, the U. S. economy is now growing at a slow rate. Because much of the City's revenue is consumer driven (sales, use, occupational and business license taxes), slow economic growth translates directly into slow growth for a major portion of the City's revenue. Therefore, the City continues to monitor expenses closely and stands ready to adjust its budget as needed.

### **Availability of Information**

The City's current and previous Operating and Capital Budgets, previous CAFRs, Single Audits and this CAFR are available on the City's website at [www.birminghamal.gov](http://www.birminghamal.gov) City Directory, Finance Dept and Budget Office.

### **Request for Information**

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

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



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# **Basic Financial Statements**

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**City of Birmingham, Alabama**  
**Statement of Net Position**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	Primary Government				Component Units	
	Governmental Activities	Business-Type Activities	Total			
<b>Assets</b>						
<b>CURRENT ASSETS:</b>						
Unrestricted assets:						
Cash and investments	\$ 307,789	\$ 4,950	\$ 312,739	\$ 32,059		
Cash with escrow agent	10,472	-	10,472	-		
Receivables:						
Accrued interest	266	-	266	-		
Accrued taxes receivable	29,572	-	29,572	-		
Accounts (net of uncollectibles)	3,457	-	3,457	2,485		
Notes (net of uncollectibles)	17	-	17	-		
Loans	87	-	87	-		
Due from other governments	3,536	-	3,536	-		
Inventories	1,978	-	1,978	249		
Prepaid items	478	-	478	514		
Due from component unit	543	-	543	-		
Other current assets	316	-	316	-		
Restricted assets:						
Cash and cash equivalents	-	-	-	45,949		
Investments	-	-	-	20,169		
Accounts and grants receivable	-	-	-	1,420		
Accrued interest receivable	-	-	-	1		
<b>TOTAL CURRENT ASSETS</b>	<b>358,511</b>	<b>4,950</b>	<b>363,461</b>	<b>102,846</b>		
<b>NONCURRENT ASSETS:</b>						
Other assets:						
Net pension asset	242	-	242	-		
Capital assets:						
Land	171,055	-	171,055	186,607		
Buildings and capital facilities	331,765	1,025	332,790	278,700		
Furniture and other equipment	178,163	7,253	185,416	66,805		
Accumulated depreciation	(272,045)	(3,929)	(275,974)	(206,364)		
Infrastructure	220,337	-	220,337	214,849		
Accumulated depreciation, infrastructure	(149,869)	-	(149,869)	-		
Construction in progress	135,216	37	135,253	9,507		
<b>TOTAL NONCURRENT ASSETS</b>	<b>614,864</b>	<b>4,386</b>	<b>619,250</b>	<b>550,104</b>		
Total Assets:	973,375	9,336	982,711	652,950		
Deferred outflows of resources	475,130	-	475,130	17,859		
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,448,505</b>	<b>9,336</b>	<b>1,457,841</b>	<b>670,809</b>		

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

**City of Birmingham, Alabama**  
**Statement of Net Position**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
<b>Liabilities</b>				
<b>CURRENT LIABILITIES:</b>				
Payable from unrestricted assets:				
Accounts and vouchers payable	10,901	21	10,922	1,086
Contracts payable	411	84	495	-
Contracts payable - retainage	1,227	-	1,227	-
Accrued payroll and payroll taxes payable	6,058	-	6,058	169
Due to primary government	-	-	-	719
Estimated claims payable	11,042	-	11,042	-
Other liabilities	7,032	-	7,032	-
Unearned Revenue	1,248	-	1,248	105
Interest payable	4,230	-	4,230	-
Capitalized leases	1,847	753	2,600	-
Compensated absences	3,990	-	3,990	41
Bonds and warrants payable	32,147	-	32,147	-
Payable from restricted assets:				
Contracts Payable	-	-	-	747
Accrued Interest Payable	-	-	-	4,932
Current portion of revenue bonds payable	-	-	-	6,740
TOTAL CURRENT LIABILITIES	80,133	858	80,991	14,539
<b>LONG TERM LIABILITIES:</b>				
Capitalized Leases	9,470	351	9,821	-
Compensated absences	13,082	-	13,082	741
Bonds and warrants payable, net	526,289	-	526,289	182,646
Closure and postclosure costs	15,475	-	15,475	-
Workers' compensation claims payable	16,388	-	16,388	-
OPEB liability	50,282	-	50,282	-
Net pension liability	1,063,756	-	1,063,756	33,919
TOTAL LONG TERM LIABILITIES	1,694,742	351	1,695,093	217,306
Total Liabilities:	1,774,875	1,209	1,776,084	231,845
Deferred inflows of resources	22,578	-	22,578	-
<b>Net Position</b>				
Net investment in capital assets	180,892	18	180,910	361,520
<b>Restricted for:</b>				
Restricted for debt service	88,023	-	88,023	23,613
Restricted for future projects	58,881	-	58,881	19,075
Unrestricted	(676,744)	8,109	(668,635)	34,756
Total Net Position:	\$ (348,948)	\$ 8,127	\$ (340,821)	\$ 438,964

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

**City of Birmingham, Alabama**  
**Statement of Activities**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
					Primary Government					
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units			
<b>Primary Government</b>										
Governmental Activities:										
Public safety	\$ 218,603	\$ 20,624	\$ 5,816	\$ (192,163)	\$ -	\$ (192,163)	\$ -			
Street and sanitation	65,638	(77)	-	(65,715)	-	(65,715)	-			
Cultural & recreational	42,080	1,864	-	(40,214)	-	(40,214)	-			
General government	252,118	103,430	9,566	(139,122)	-	(139,122)	-			
Interest on Long-Term Debt	19,441	-	-	(19,441)	-	(19,441)	-			
Total Governmental Activities:	<u>597,880</u>	<u>125,841</u>	<u>15,382</u>	<u>(456,655)</u>	<u>-</u>	<u>(456,655)</u>	<u>-</u>			
Business-Type Activities:										
Emergency Management Communication District	6,561	7,595	-	-	1,033	1,033	-			
Total Business-Type Activities:	<u>6,561</u>	<u>7,595</u>	<u>-</u>	<u>-</u>	<u>1,033</u>	<u>1,033</u>	<u>-</u>			
Total Primary Government:	<u><u>\$ 604,441</u></u>	<u><u>\$ 133,436</u></u>	<u><u>\$ 15,382</u></u>	<u><u>\$ (456,655)</u></u>	<u><u>\$ 1,033</u></u>	<u><u>\$ (455,622)</u></u>	<u><u>\$ -</u></u>			
<b>Component Units</b>										
Birmingham Airport Authority	\$ 46,537	\$ 44,046	\$ 7,601	\$ -	\$ -	\$ -	\$ -	\$ 5,110		
Birmingham Parking Authority	6,084	6,156	-	-	-	-	-	72		
Total Component Units:	<u>\$ 52,621</u>	<u>\$ 50,202</u>	<u>\$ 7,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,182</u>		
Sales and use tax				160,897	-	160,897	-			
Occupational tax				84,722	-	84,722	-			
Property tax				58,570	-	58,570	-			
Grants and contributions-unrestricted				24,125	-	24,125	-			
Unrestricted investment earnings				1,940	18	1,958	110			
Other				20,152	1	20,153	584			
Total General Revenues, Special Items, and Transfers:				<u>350,406</u>	<u>19</u>	<u>350,425</u>	<u>694</u>			
Change in Net Position:				<u>(106,249)</u>	<u>1,052</u>	<u>(105,197)</u>	<u>5,876</u>			
Net Position - Beginning of Year as originally stated				(242,699)	7,075	(235,624)	448,850			
Restatement				-	-	-	(15,762)			
Net Position - Beginning of Year Restated				(242,699)	7,075	(235,624)	433,088			
Net Position - Ending:				<u><u>\$ (348,948)</u></u>	<u><u>\$ 8,127</u></u>	<u><u>\$ (340,821)</u></u>	<u><u>\$ 438,964</u></u>			

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

**City of Birmingham, Alabama**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	<b>General</b>	<b>Debt Reserve</b>	<b>Capital Improvement Fund</b>	<b>Birmingham Fund</b>	<b>2013-A Bonds</b>	<b>2015-A Bonds</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>								
Cash and investments	\$ 67,834	\$ 23,722	\$ 11,348	\$ 87,816	\$ 22,615	\$ 64,526	\$ 24,987	\$ 302,848
Cash with fiscal agent	-	-	-	-	-	-	10,472	10,472
Receivables:								
Accrued interest	4	14	-	247	-	-	-	265
Accrued taxes	28,967	229	-	-	-	-	377	29,573
Accounts (net of uncollectibles)	3,429	-	-	-	-	-	28	3,457
Notes (net of uncollectibles)	17	-	-	-	-	-	-	17
Loans	-	-	-	-	-	-	87	87
Due from other governments	3,735	-	-	-	-	-	(199)	3,536
Due from component units	543	-	-	-	-	-	-	543
Inventories	1,978	-	-	-	-	-	-	1,978
Prepaid Items	478	-	-	-	-	-	-	478
Other	316	-	-	-	-	-	-	316
<b>Total Assets:</b>	<b>\$ 107,301</b>	<b>\$ 23,965</b>	<b>\$ 11,348</b>	<b>\$ 88,063</b>	<b>\$ 22,615</b>	<b>\$ 64,526</b>	<b>\$ 35,752</b>	<b>\$ 353,570</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>								
Liabilities:								
Accounts and vouchers payable	\$ 4,344	\$ -	\$ 457	\$ 260	\$ 344	\$ -	\$ 2,034	\$ 7,439
Contracts payable	460	-	-	-	-	-	-	460
Contracts payable-retainage	-	-	203	-	221	-	803	1,227
Accrued payroll and payroll taxes payable	6,058	-	-	-	-	-	-	6,058
Unearned revenue	139	-	-	-	-	-	268	407
Other liabilities	6,850	-	-	-	-	-	182	7,032
<b>Total Liabilities:</b>	<b>\$ 17,851</b>	<b>-</b>	<b>660</b>	<b>260</b>	<b>565</b>	<b>-</b>	<b>3,287</b>	<b>22,623</b>
Fund Balances:								
Nonspendable:								
Inventory	1,978	-	-	-	-	-	-	1,978
Prepaid items	478	-	-	-	-	-	-	478
Spendable:								
Restricted:								
Debt Service	-	23,965	-	-	-	-	4,610	28,575
Capital Projects	-	-	10,688	-	22,050	64,526	35,626	132,890
Other	-	-	-	-	-	-	790	790
Assigned:								
Debt Service	-	-	-	-	-	-	-	-
Committed to:								
Stabilization	-	-	-	87,803	-	-	-	87,803
Neighborhood Improvements	-	-	-	-	-	-	8,612	8,612
Community Development	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-
Unassigned	86,994	-	-	-	-	-	(17,173)	69,821
<b>Total Fund Balances:</b>	<b>\$ 89,450</b>	<b>\$ 23,965</b>	<b>\$ 10,688</b>	<b>\$ 87,803</b>	<b>\$ 22,050</b>	<b>\$ 64,526</b>	<b>\$ 32,465</b>	<b>\$ 330,947</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	<b>\$ 107,301</b>	<b>\$ 23,965</b>	<b>\$ 11,348</b>	<b>\$ 88,063</b>	<b>\$ 22,615</b>	<b>\$ 64,526</b>	<b>\$ 35,752</b>	<b>\$ 353,570</b>

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

**City of Birmingham, Alabama**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Statement of Net Position**  
**Year Ended**  
**June 30, 2016**  
**(Amounts expressed in thousands)**

Fund Balance - Total governmental funds	\$ 330,947
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred revenues are not recognized until available in the funds.	(840)
Deferred items related to debt issuance used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	9,590
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.	442,959
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the balance sheet.	
Governmental capital assets	\$ 1,036,536
Accumulated depreciation	<u>(421,914)</u>
	614,622
Long-term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.	
Bonds and warrants payable	(545,437)
Interest accretion on capital appreciation bonds	(12,999)
Capitalized leases	(11,317)
Compensated absences	(17,072)
Accrued interest payable	(4,230)
Landfill closure cost	(15,475)
OPEB liability	(50,282)
Workers' Compensation claims payable	(16,388)
Estimated claims payable	(11,042)
Net pension obligation (net)	<u>(1,063,512)</u>
	<u>(1,747,754)</u>
An Internal Service Fund is used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.	
	1,528
Net position of governmental activities	\$ (348,948)

An Internal Service Fund is used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Statement of Net Position.

#### Net position of governmental activities

**City of Birmingham, Alabama**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

	General	Debt Reserve	Capital Improvement Fund	Birmingham Fund	2013-A Bonds	2015-A Bonds	2015 TMC Bonds	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>									
Taxes	\$ 280,308	\$ 31,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,921	\$ 317,612
Licenses and permits	85,581	-	-	-	-	-	-	-	85,581
Intergovernmental	13,139	-	-	-	-	-	-	25,226	38,365
Charges for services	15,030	-	-	-	-	-	-	165	15,195
Fines and forfeitures	2,318	-	-	-	-	-	-	1,468	3,786
Investment income	671	225	45	709	122	-	-	168	1,940
Other operating revenues	7,983	-	-	595	-	-	-	2,931	11,509
Total Revenues:	<b>405,030</b>	<b>31,608</b>	<b>640</b>	<b>709</b>	<b>122</b>	<b>-</b>	<b>-</b>	<b>35,879</b>	<b>473,988</b>
<b>Expenditures</b>									
Current Expenditures:									
Public safety:									
Police	95,909	-	-	-	-	-	-	906	96,815
Fire	62,662	-	-	-	-	-	-	6	62,668
Planning,Engineering & Permits	12,732	-	-	-	-	-	-	1,627	14,359
Traffic Engineering	10,468	-	-	-	-	-	-	7	10,475
Municipal Court	5,300	-	-	-	-	-	-	2,368	7,668
Nondepartmental	-	-	-	-	-	-	-	17	17
Street and sanitation:									
Public Works	46,974	-	-	-	1,377	-	-	59	48,410
Nondepartmental	-	-	-	-	-	-	-	1,855	1,855
Cultural & recreational:									
Park & Recreation	12,578	-	-	-	-	-	-	133	12,711
Library	15,022	-	-	-	-	-	-	-	15,022
Arlington Historical Home	654	-	-	-	-	-	-	-	654
Boutwell Auditorium	1,253	-	-	-	-	-	-	-	1,253
Museum of Art	3,345	-	-	-	-	-	-	-	3,345
Sloss Furnace	771	-	-	-	-	-	-	-	771
Southern Museum of Flight	763	-	-	-	-	-	-	-	763
State Fairgrounds	4,370	-	-	-	-	-	-	115	4,485
General government:									
Finance	11,348	-	-	-	-	-	-	1,226	12,574
Equipment Management	13,949	-	-	-	-	-	-	-	13,949
Information Management Services	13,044	-	-	-	-	-	-	-	13,044
City Clerk	1,018	-	-	-	-	-	-	-	1,018
Community Development	775	-	-	-	-	-	-	10,218	10,993
Council Office	3,236	-	-	-	-	-	-	-	3,236
Legal	6,579	-	-	-	-	-	-	-	6,579
Mayor's Office	8,810	-	-	-	-	-	-	33	8,843
Personnel	5,950	-	-	-	-	-	-	-	5,950
Nondepartmental	48,616	-	5,781	620	-	-	2,431	3,515	60,963
Municipal Court	-	-	-	-	-	-	-	102	102
Debt Service:									
Principal	9,779	-	-	-	-	1,889	-	37,048	48,716
Interest and fees	4,778	-	-	-	-	656	-	12,547	17,981
Capital Outlay:									
Capital outlays	11,782	-	3,019	24	11,765	673	-	28,603	55,866
Total Expenditures:	<b>412,465</b>	<b>-</b>	<b>8,800</b>	<b>644</b>	<b>13,142</b>	<b>3,218</b>	<b>2,431</b>	<b>100,385</b>	<b>541,085</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<b>(7,435)</b>	<b>31,608</b>	<b>(8,160)</b>	<b>65</b>	<b>(13,020)</b>	<b>(3,218)</b>	<b>(2,431)</b>	<b>(64,506)</b>	<b>(67,097)</b>
Other financing sources (uses):									
Issuance of debt	-	-	-	-	-	61,267	2,431	17,922	81,620
Proceeds from capital lease	11,088	-	-	-	-	-	-	-	11,088
(Premium)/Discount on debt issuance	-	-	-	-	-	5,208	-	(85)	5,123
Transfers in	4,659	-	11,379	-	-	1,269	-	39,979	57,286
Transfers out	(11,574)	(25,298)	(400)	(4,234)	-	-	-	(15,780)	(57,286)
Total Other financing sources (uses):	<b>4,173</b>	<b>(25,298)</b>	<b>10,979</b>	<b>(4,234)</b>	<b>-</b>	<b>67,744</b>	<b>2,431</b>	<b>42,036</b>	<b>97,831</b>
Net Change in Fund Balances:	<b>(3,262)</b>	<b>6,310</b>	<b>2,819</b>	<b>(4,168)</b>	<b>(13,020)</b>	<b>64,526</b>	<b>-</b>	<b>(22,470)</b>	<b>30,734</b>
Fund Balances - Beginning	<b>92,712</b>	<b>17,655</b>	<b>7,869</b>	<b>91,972</b>	<b>35,070</b>	<b>-</b>	<b>-</b>	<b>54,937</b>	<b>300,215</b>
Fund Balances - Ending:	<b>\$ 89,450</b>	<b>\$ 23,985</b>	<b>\$ 10,688</b>	<b>\$ 87,803</b>	<b>\$ 22,050</b>	<b>\$ 64,526</b>	<b>\$ -</b>	<b>\$ 32,467</b>	<b>\$ 330,949</b>

**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, 2016**  
**(in thousands)**

Net increase in fund balances - total governmental funds		\$ 30,734
Governmental funds report capital outlays as expenditures. In the statement of activities, however, these costs are allocated over their estimated useful lives and reported as depreciation expense.		
This is the amount by which capital outlays exceeded depreciation in the current period.	Capital Outlay Depreciation	47,122 (16,092) 31,030
The repayment and refunding of principal of long-term debt and capital leases uses current resources of governmental funds but has no effect on net assets.		
		48,720
Issuance of new debt		(97,831)
Interest accretion on capital appreciation warrants		(5,203)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:		
Change in compensated absences		(720)
Change in closure and post closure costs		139
Change in estimated claims		4,169
Amortization of premium and discount		2,809
Amortization of deferred charges		-
Change in interest payable		(163)
Change in workers compensation		2,642
Change in OPEB		(13,084)
Pension expense, current year increase/(decrease)		<u>(119,418)</u> (123,626)
Revenue not recognized until future years		(137)
An Internal Service Fund is used by management to charge the cost or certain activities to individual funds. The net revenue (expense) of the Internal Service Fund is reported with governmental activities.		10,064
Increase in net position of governmental activities		<u>\$ (106,249)</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 Balances - Budget and Actual**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)	
	Original		Final			
<b>Revenues</b>						
Taxes	\$ 272,980	\$ 274,718	\$ 280,308	\$ 5,590		
Licenses and permits	88,374	88,394	85,581	(2,813)		
Intergovernmental	11,924	12,590	13,139	549		
Charges for services	14,556	14,667	15,030	363		
Fines and forfeitures	2,313	2,313	2,318	5		
Investment income	120	120	671	551		
Other operating revenues	9,134	10,936	7,983	(2,953)		
Total Revenues:	<u>399,401</u>	<u>403,738</u>	<u>405,030</u>	<u>1,292</u>		
<b>Expenditures</b>						
Current Expenditures:						
Public safety	181,419	181,150	187,071	(5,922)		
Street and sanitation	46,536	46,825	46,974	(149)		
Cultural & recreational	40,899	40,903	38,756	2,147		
General government	118,579	119,693	113,325	6,369		
Debt Service:						
Principal	9,779	9,779	9,779	-		
Interest and fees	5,390	5,390	4,778	612		
Capital Outlay:						
Capital outlays	1,200	873	11,782	(10,909)		
Total Expenditures:	<u>403,802</u>	<u>404,613</u>	<u>412,465</u>	<u>(7,852)</u>		
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(4,401)</u>	<u>(875)</u>	<u>(7,435)</u>	<u>(6,560)</u>		
Other financing sources (uses):						
Net Change in Fund Balances:						
Fund Balances - Beginning	92,712	92,712	92,712	-		
Fund Balances - Ending	<u>\$ 84,922</u>	<u>\$ 84,922</u>	<u>\$ 89,450</u>	<u>\$ 4,528</u>		

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

**City of Birmingham, Alabama**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	Business-type activities
	<b>Enterprise Fund -</b>
	<b>E911</b>
	<b>Communications</b>
	<b>District</b>
<b>Assets</b>	
Current assets:	
Cash and investments	\$ 4,950
Total Current assets:	<u>4,950</u>
Property, plant, and equipment:	
Buildings and systems	1,062
Machinery and equipment	6,442
Furniture and fixtures	811
Less accumulated depreciation	(3,929)
Total Property, plant, and equipment:	<u>4,386</u>
Total Assets:	<u>9,336</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	682
Capitalized Leases	<u>176</u>
Total Current liabilities:	<u>858</u>
Long Term Liabilities:	
Capitalized Leases	351
Total Long Term Liabilities:	<u>351</u>
Total Liabilities:	<u>1,209</u>
<b>Net Position</b>	
Invested in capital assets	18
Unrestricted	<u>8,109</u>
Total Net Position:	<u>\$ 8,127</u>

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

**City of Birmingham, Alabama**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	<u>Governmental activities</u>	
		<u>Internal Service Fund - Healthcare Plan</u>
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 4,941	
Total Current assets:	<u>4,941</u>	
Total Assets:	<u>4,941</u>	
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	3,413	
Total Current liabilities:	<u>3,413</u>	
Total Liabilities:	<u>3,413</u>	
<b>Net Position</b>		
Invested in capital assets	-	
Unrestricted	1,528	
Total Net Position:	<u>\$ 1,528</u>	

**City of Birmingham, Alabama**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

Business-type activities	
Enterprise Fund - E911 Communications District	
<b>Operating Revenues</b>	
Service fees	\$ 7,595
Employer contributions:	
Total Operating Revenues:	7,595
<b>Operating Expenses</b>	
Public safety	4,085
General and administrative:	
Enterprise	742
Internal Services:	
Repairs and maintenance	1,259
Depreciation	475
Total Operating Expenses:	6,561
Operating Income (Loss):	1,034
<b>Nonoperating Revenues (Expenses)</b>	
Interest income	19
Total Nonoperating Revenues (Expenses):	19
Income (Loss) Before Contributions and Transfers:	
Change in Net Position:	1,053
Total Net Position - Beginning	1,053
Total Net Position - Ending:	7,074
	\$ 8,127

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

**City of Birmingham, Alabama**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

	Governmental activities		
	Internal Service Funds - Healthcare Plan (Actives)	Internal Service Funds - Healthcare Plan (Retirees)	Total
<b>Operating Revenues</b>			
City contributions to employee health insurance	38,800	4,296	43,096
City reimbursement excess claims paid	-	-	-
Employee contributions:			
Employee health deductions	10,031	1,924	11,955
Rebates:			
Stop loss rebate	463	-	463
Prescription drug rebate	270	-	270
Stop loss rebate - retirees	-	829	829
Prescription drug rebates - retirees	-	26	26
Total Operating Revenues:	49,564	7,075	56,639
<b>Operating Expenses</b>			
General and administrative:			
Internal Services:			
Blue Cross Claims	23,849	-	23,849
Express Scripts Claims	12,539	-	12,539
Stop Loss Premium	732	-	732
Admin Fees - BCBS	913	-	913
Express Scripts Fees	41	-	41
Behavioral Health Fees	846	-	846
Blue Cross Claims - Retirees	-	3,836	3,836
Express Script Claims - Retirees	-	3,603	3,603
Stop Loss Premium - Retirees	-	104	104
Admin Fees - BCBS Retirees	-	112	112
Total Operating Expenses:	38,920	7,655	46,575
Operating Income (Loss):	10,644	(580)	10,064
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	-	-	-
Total Nonoperating Revenues (Expenses):	-	-	-
Income (Loss) Before Contributions and Transfers:	10,644	(580)	10,064
Transfers	-	-	-
Change in Net Position:	10,644	(580)	10,064
Total Net Position - Beginning	(8,346)	(190)	(8,536)
Total Net Position - Ending:	\$ 2,298	\$ (770)	\$ 1,528

**City of Birmingham, Alabama**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2016**  
(in thousands)

	<b>Business-type activities</b>	<b>Governmental activities</b>
	<b>Enterprise Fund - E911 Communications District</b>	<b>Internal Service Fund - Healthcare Plan</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 7,595	\$ 56,638
Cash payments to suppliers	(6,641)	(52,778)
Cash payments to employees	(102)	-
Net cash from operating activities	<u>852</u>	<u>3,860</u>
<b>Cash flows from (used for) capital financing activities:</b>		
Acquisition of capital assets	(486)	-
<b>Cash flows from investing activities:</b>		
Interest received	<u>19</u>	-
Net increase (decrease) in cash and cash equivalents	385	3,860
Cash and investments, beginning of year	4,565	1,081
Cash and investments, end of year	<u>\$ 4,950</u>	<u>\$ 4,941</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating income (loss)	1,033	10,064
<b>Adjustments to reconcile operating gain (loss) to net cash used by operating activities:</b>		
Depreciation	475	-
Change in accounts receivable	-	-
Change in accounts payable	(656)	(6,204)
Net cash from operating activities	<u>\$ 852</u>	<u>\$ 3,860</u>

**City of Birmingham, Alabama**  
**Statement of Fiduciary Net Position**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Pension Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 31,934
Receivables:	13,449
Investments, at fair value:	997,173
Total Assets:	<u>1,042,556</u>
<b>Liabilities</b>	
Accounts payable and other	855
Total Liabilities:	<u>855</u>
<b>Net Position</b>	
Held in trust for future pension benefits	1,041,701
Total Net Position:	<u>\$ 1,041,701</u>

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

**City of Birmingham, Alabama**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

**Pension Trust  
Funds**

**Additions**

Additions:

Contributions:

Employer Contributions	\$ 20,747
Plan member contributions	18,224

Investment income:

Investment earnings	3,687
Securities lending	752
Security litigation	64
Other income	405
Total Additions:	<u>43,879</u>

Total Additions:

43,879

**Deductions**

Deductions:

Benefits	90,344
Refunds of contributions	3,284
Administrative expenses	1,703
Investment Expenses	3,739
Total Deductions:	<u>99,070</u>
Total Deductions:	<u>99,070</u>
Change in Net Position:	(55,191)
Net Position - Beginning	1,096,892
Net Position - Ending:	<u>\$ 1,041,701</u>

**City of Birmingham, Alabama**  
**Combining Statement of Net Position**  
**Nonmajor Component Units**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	Birmingham Airport Authority	Birmingham Parking Authority	Total Nonmajor Component Units
<b>Assets</b>			
<b>CURRENT ASSETS:</b>			
Unrestricted assets:			
Cash and investments	\$ 28,489	\$ 3,570	\$ 32,059
Receivables:			
Accounts (net of uncollectibles)	2,387	98	2,485
Inventories	249	-	249
Prepaid items	469	45	514
Restricted assets:			
Cash and cash equivalents	45,949	-	45,949
Investments	20,169	-	20,169
Accounts and grants receivable	1,420	-	1,420
Accrued interest receivable	1	-	1
<b>TOTAL CURRENT ASSETS</b>	<b>99,133</b>	<b>3,713</b>	<b>102,846</b>
<b>NONCURRENT ASSETS:</b>			
Other assets:			
Capital assets:			
Land	183,476	3,131	186,607
Buildings and capital facilities	278,700	-	278,700
Furniture and other equipment	65,418	1,387	66,805
Accumulated depreciation	(205,402)	(962)	(206,364)
Infrastructure	214,849	-	214,849
Construction in progress	9,507	-	9,507
<b>TOTAL NONCURRENT ASSETS</b>	<b>546,548</b>	<b>3,556</b>	<b>550,104</b>
Total Assets:	645,681	7,269	652,950
Deferred outflows of resources	17,859	-	17,859
<b>Total Assets and Deferred Outflows of Resources</b>	<b>663,540</b>	<b>7,269</b>	<b>670,809</b>
<b>Liabilities</b>			
<b>CURRENT LIABILITIES:</b>			
Payable from unrestricted assets:			
Accounts and vouchers payable	982	104	1,086
Accrued payroll and payroll taxes payable	-	169	169
Due to primary government	-	719	719
Unearned Revenue		105	105
Compensated absences	-	41	41
Payable from restricted assets:			
Contracts Payable	747	-	747
Accrued Interest Payable	4,932	-	4,932
Current portion of revenue bonds payable	6,590	150	6,740
<b>TOTAL CURRENT LIABILITIES</b>	<b>13,251</b>	<b>1,288</b>	<b>14,539</b>
<b>LONG TERM LIABILITIES:</b>			
Compensated absences	510	231	741
Bonds and warrants payable, net	182,490	156	182,646
Net pension liability	33,919	-	33,919
<b>TOTAL LONG TERM LIABILITIES</b>	<b>216,919</b>	<b>387</b>	<b>217,306</b>
Total Liabilities:	230,170	1,675	231,845
<b>Net Position</b>			
Net investment in capital assets	358,270	3,250	361,520
Restricted for:			
Restricted for debt service	23,613	-	23,613
Restricted for future projects	19,075	-	19,075
Unrestricted	32,411	2,345	34,756
<b>Total Net Position:</b>	<b>\$ 433,369</b>	<b>\$ 5,595</b>	<b>\$ 438,964</b>

**City of Birmingham, Alabama**  
**Combining Statement of Activities**  
**Nonmajor Component Units**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Birmingham Airport Authority	Birmingham Parking Authority	Total
<b>Nonmajor Component Units</b>						
Birmingham Airport Authority:						
Birmingham Airport Authority	\$ 46,537	\$ 44,046	\$ 7,601	\$ 5,110	\$ -	\$ 5,110
Total Birmingham Airport Authority:	<u>46,537</u>	<u>44,046</u>	<u>7,601</u>	<u>5,110</u>	<u>-</u>	<u>5,110</u>
Birmingham Parking Authority:						
Birmingham Parking Authority	6,084	6,156	-	-	72	72
Total Birmingham Parking Authority:	<u>6,084</u>	<u>6,156</u>	<u>-</u>	<u>-</u>	<u>72</u>	<u>72</u>
Total Nonmajor Component Units:	<u>\$ 52,621</u>	<u>\$ 50,202</u>	<u>\$ 7,601</u>	<u>5,110</u>	<u>72</u>	<u>5,182</u>
Unrestricted investment earnings				110	(1)	109
Other				<u>584</u>	<u>-</u>	<u>584</u>
Total General Revenues, Special Items, and Transfers:				<u>694</u>	<u>(1)</u>	<u>693</u>
Change in Net Position:				<u>5,804</u>	<u>71</u>	<u>5,875</u>
Net Position - Beginning of Year as originally stated				443,327	5,524	448,851
Restatement				(15,762)		(15,762)
Net Position - Beginning of Year Restated				427,565	5,524	433,089
Net Position - Ending:				<u>\$ 433,369</u>	<u>\$ 5,595</u>	<u>\$ 438,964</u>

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

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

## **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 is able to impose its will on the organization or there is a potential for the organization to provide specific benefits or specific burdens on the City). 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.

#### **Blended Component Unit**

The Public Athletic, Cultural and Entertainment Facilities Board of the City of Birmingham (the PACE) is a five-member board appointed by the City. The PACE imposes specific financial burdens on the City. Although legally separate, the PACE is blended as a governmental fund component unit into the City because the structure of the PACE meets the GASB Statement 61 criteria for blending. The criteria assessed and determined to result in blending is that the PACE's total debt outstanding is expected to be repaid entirely with resources of the City.

A separate financial report for the PACE is not prepared.

#### **Discretely presented component units**

The Birmingham Airport Authority (BAA) is a seven-member board appointed by the City and is a public corporation organized under the provisions of the Code of Alabama. The Authority is responsible for the operations of the Birmingham-Shuttlesworth International Airport. Because the City of Birmingham appoints the BAA's governing body, leases the airport to the Authority, and retains financial oversight pursuant to the lease, 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, 2016, totaled \$4,080,074.

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

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

parking facilities. The Authority is included as a component unit in these financial statements. The BPA's fiscal year ends June 30.

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

Birmingham Airport Authority 5900 Airport Highway Birmingham, Alabama 35222 Financial statement date: June 30, 2016	Birmingham Parking Authority 1732 5 <sup>th</sup> Avenue North Birmingham, Alabama 35203 Financial statement date: June 30, 2016
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### **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 appoints a voting majority of the Birmingham-Jefferson County Transit Authority (BJCTA) and the Birmingham Housing Authority (BHA). In fiscal year 2016, the City provided funding to the BJCTA in the amount of \$10,800,000 and \$39,565 to the BHA. These organizations are related organizations that have not been included within the City's financial statements.

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

The government-wide financial statements of the City consist of the statement of net position and the statement of activities for all of the nonfiduciary activities of the City and its three 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 discretely presented *component units*. The City's blended component unit is presented combined with the primary government activity.

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 (including the internal service fund), 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.

An internal service fund (which provides services primarily to other funds of the government) is presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, the financial

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

statements of the internal service fund are consolidated into the governmental activities column when presented at the government-wide level. The costs of these services are charged to the appropriate functional activity.

Surpluses or deficits in the internal service funds are allocated back to customers at the government-wide level statement of activities. There are no reconciling items between the business-type activities column at the government-wide level and the proprietary fund statements at the fund level because the internal service fund does not provide services to the City's enterprise fund.

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

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

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

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

The City of Birmingham reports the following major governmental funds:

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

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

The *General Bond Debt Reserve Fund* accounts for the receipt of property taxes earmarked for debt service on bonds by constitutional and authorizing initiatives and issued pursuant to a voter referendum.

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

The *Capital Improvement Fund* accounts for funds from miscellaneous sources used for various capital improvement projects which are not financed by debt issuance.

The *2013-A Bonds Fund* is used to account for various capital projects financed by these bonds.

The *2015-A Bonds Fund* is used to account for capital expenditures of bond proceeds.

The City of Birmingham reports the following proprietary fund as a *major* proprietary fund:

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

The *Internal Service Fund* provides self-insured health benefits to the City's employees and retirees.

The Pension Funds account for the activities of the City's three pension plans.

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 position as *internal balances*.

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

The operating revenues of the City's internal service fund are fees from the City and City employees for health care benefits. The operating expenses of the internal service fund are for health care and prescription drug claim payments.

**D. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position, or Fund Balance**

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

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

stock, U.S. debt, State of Alabama obligations, county obligations, and other municipal obligations. The City invests its funds in accordance with State law.

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

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

The City shows receivables at June 30, 2016, consisting of the following:

	<b>Business -</b>		
	<b>Governmental</b>	<b>Type</b>	<b>Total Primary</b>
	<b>Activities</b>	<b>Activities</b>	<b>Government</b>
Taxes Receivable	\$ 29,735,603	-	\$ 29,735,603
Customers and Other	10,413,104	-	10,413,104
Other Governments	4,141,144	-	4,141,144
Gross Receivable	44,289,851	-	44,289,851
Less: allowance for			
Uncollectible	(6,951,031)	-	(6,951,031)
Net Receivable	<u>\$ 37,338,820</u>	<u>-</u>	<u>\$ 37,338,820</u>

Taxes Receivable – All property taxes levied by the State of Alabama, the City, Jefferson and Shelby Counties, are assessed by the Jefferson and Shelby County 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. These tax collections are remitted to the City on a monthly basis. All amounts remitted within the fiscal period are included in revenue; taxes due within the

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

fiscal year but remitted to the City after year-end are accrued in both the government-wide and fund financial statements.

3. Inventories and Prepaid Items – Inventories are valued on the average cost basis. Inventory consists of expendable supplies held in the General Fund for consumption. The cost is recorded as an expenditure at the time individual items are used (consumption method). Payments made to vendors for services that will benefit periods beyond June 30, 2016 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.
5. Capital assets – Capital assets include property, buildings, furniture, other equipment, and infrastructure. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital outlays are recorded as expenditures of the governmental funds. Capital assets, other than infrastructure, are defined by the City as items with an estimated useful life of three years or more and an individual cost in excess of \$5,000. Capital assets are recorded at cost where historical cost is available or at estimated historical cost if actual cost is not available. Donated capital assets are recorded at their estimated fair value at time of donation. The costs of normal repairs and maintenance that do not add to the value of the asset, or materially extend useful lives, are expensed. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

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

<u>ASSETS</u>	<u>YEARS</u>
Buildings, capital facilities and improvements	50
Furniture and equipment	3 – 20
Infrastructure	25 – 50

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

6. Compensated absences – City of Birmingham employees earn vacation leave at graduated rates based on the employee's length of service (one day per month of service, initially), and up to 40 days of unused leave may be carried over to the following year. Vacation pay is accrued when incurred in the government-wide financial statements. The City does not have a policy for vested sick pay, thus no liability for accumulated unpaid sick leave is accrued.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

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. As per GASB 65, bond issuance costs, other than insurance cost, are expensed in the period incurred. Prepaid insurance cost should be reported as deferred charges and amortized over the term of the related debt.

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

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

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

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

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

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by ordinances of the City Council, the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes, or changes the commitment by taking the same action it employed to impose the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been committed for use in satisfying those contractual requirements.

*Assigned fund balance* – This classification reflects the amounts constrained by the City's “intent” to be used for specific purposes, but are neither restricted nor

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

committed. The City Council and Finance Director have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

The City Council has established a stabilization arrangement for the Birmingham Fund. Under this arrangement, it is the City's intent to maintain a reserve fund set aside for emergency situations and/or as revenue shortages or budgetary imbalances occur. Funds may be appropriated as follows: (a) Operating Budget Amendments or other appropriations for any fiscal year, not exceeding 5% of the five year average market value of the fund, by majority Council vote; (b) Any other additional amount for any lawful purpose with majority Council vote and a declaration of extraordinary circumstance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use resources, in the following order and as needed: restricted resources, unrestricted resources, committed or assigned resources, and finally unassigned resources.

9. Deferred outflows/inflows of resources – The statement of net position will sometimes report separate sections for deferred outflows and inflows of resources.

The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two items that qualify for reporting in this category. The first is the deferred loss on refunding debt. A deferred loss results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the lesser of the life of the refunded or refunding debt. The second one is related to pensions resulting from changes in actuarial assumptions and City contributions subsequent to the measurement date that will be recognized as a reduction of net pension liability in subsequent years.

The statement of financial position will also report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the City has transactions that meet the definition of deferred inflows of resources which are related to changes in actuarial assumptions for pensions.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

**10. Recently issued pronouncements**

The GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*-replaces Statement No. 43 and Statement No. 57 (GASB 74). The objective of this statement is to improve financial reporting primarily through the enhancement of note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are within its scope. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016 (fiscal year 2017). The City is currently evaluating the impact that GASB 74 may have on its financial statements.

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*-replaces Statement No. 45 (GASB 75). This statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The requirements of GASB 75 are effective for fiscal years beginning after June 15, 2017 (fiscal year 2018). The City is currently evaluating the impact that GASB 75 may have on its financial statements.

The GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Pension Plans – An Amendment to GASB Statement 68* (GASB 78) was issued to establish requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions. The requirements of GASB 78 are effective for fiscal years beginning after December 15, 2015. The City is currently evaluating the impact GASB 78 may have on its financial statements.

The GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants* (GASB 79). This statement addresses accounting and financial reporting for certain external investment pools and pool participants. The requirements of GASB 79 are effective for fiscal years beginning after June 15, 2015. The City is currently evaluating the impact GASB 79 may have on its financial statements.

The GASB issued Statement No. 80, *Blending Requirements For Certain Component Units – An Amendment of GASB Statement No. 14* (GASB 80) was issued to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The requirements of GASB 80 are effective for fiscal years beginning after June 15, 2016. The City is currently evaluating the impact GASB 80 may have on its financial statements.

The GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81) was issued to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of GASB 81 are effective for fiscal years beginning after December 15, 2016, and should be applied retroactively. The City is currently evaluating the impact GASB 81 may have on its financial statements.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

The GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73* (GASB 82) clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. The requirements of GASB 82 are effective for fiscal years beginning after June 15, 2016. The City is currently evaluating the impact GASB 82 may have on its financial statements.

## **II. Stewardship, Compliance, and Accountability**

### **A. Budgetary Information**

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

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

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

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

### **B. Fund Deficits of Non-Major Funds**

Deficits in net position/fund balance of non-major funds at June 30, 2016 are as follows:

#### **Special Revenue Funds**

Grants Fund	\$16,120,277
Fair Trial Tax Fund	31,388

#### **Capital Projects Funds**

2016 A Refunding Bonds	\$113,797
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City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

The deficit in the grants fund resulted from expenses incurred for projects that were not reimbursed by Grantors at June 30, 2016. This deficit will be resolved when grant reimbursements are received in the future. The deficit in the 2016 A refunding bonds fund resulted from the payment of expenses of issuance being paid prior to the bond closing, which occurred in the subsequent fiscal year.

### **III. Detailed Notes on Fiduciary Funds**

Fiduciary Funds include assets of the City of Birmingham Retirement and Relief System, the City of Birmingham Firemen's and Policemen's Supplemental Pension System, and the City of Birmingham Pension Plan for Unclassified Employees. For purposes of this note, these plans are hereafter referred to as "Pension Plans".

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

##### **Deposits**

At June 30, 2016, the carrying amount of the Pension Plans' demand deposits, certificates of deposits, and money market investments in all funds was \$31,933,804 and the bank balance was \$32,196,889.

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

##### **Investments**

The following schedule of investments, displays the fair value of assets held in each fund type, as well as the valuation approaches, and inputs used in determining fair value. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Alternative investments classified in Level 3 are valued using discounted cash flow techniques, comparable transactions, and publicly quoted companies methods.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

**Investments Measured at Fair Value**

	6/30/2016	Fair Value Measurements Using			
		Quoted Prices in	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Maturity (Years)			
<b>Retirement &amp; Relief System</b>					

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (Years)</u>		
U.S. Govt. Agency Obligations	28,207,595	4.09		28,207,595
U.s. Treasuries	69,274,195	8.21	69,274,195	
U.S. Corporate Debt	118,335,295	6.79		118,335,295
U.S. Corporate Stock	639,971,866		639,971,866	
Alternative Investments	98,991,823			98,991,823
Total fair value	<u>954,780,773</u>		<u>709,246,060</u>	<u>146,542,890</u> <u>98,991,823</u>

	6/30/2016	Fair Value Measurements Using			
		Quoted Prices in	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Maturity (Years)			
<b>Firemens &amp; Policemens Supplemental Pension</b>					

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (Years)</u>		
U.S. Govt. Agency Obligations	1,775,733	0.87		1,775,733
U.s. Treasuries	563,387	0.09	563,387	
U.S. Corporate Debt	7,430,145	0.35		7,430,145
U.S. Corporate Stock	27,030,937		27,030,937	
Alternative Investments	5,597,849			5,597,849
Total fair value	<u>42,398,051</u>		<u>27,594,324</u>	<u>9,205,878</u> <u>5,597,849</u>

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

**Investments Measured at the NAV**

	Fair Value	Redemption Frequency Currently Eligible) (if	Redemption Notice Period
Mesirow Financial - Multi-manager/Multi-strategy Fund of hedge funds	\$94,979,673	Quarterly	95 days

Mesirow Financial Multi-manager/Multi-strategy Fund of hedge funds includes investments in 53 managed hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The fund's strategy allocation is shown in the chart below.

<b>Mesirow Institutional Multi-Strategy Fund, L.P. - A</b>	
<b>STRATEGY</b>	%
<b>Credit</b>	19.42
Long/Short Credit	5.36
Long-Biased Credit	12.37
Structured Credit	1.69
<b>Event</b>	10.27
Event Equity	2.34
Merger Arb	2.13
Multi-Strategy Event	4.29
Reinsurance	1.52
<b>Hedged Equity</b>	36.93
Long-Biased Equity	4.31
Loose Neutral Equity	6.76
Opportunistic Equity	22.64
Short-Biased Equity	3.22
<b>Macro &amp; Commodity</b>	9.34
Diversified Global Macro	9.34
<b>Multi-Strategy</b>	4.98
Multi-Strategy	4.98
<b>Relative Value</b>	12.98
Multi-Strategy Relative Value	7.99
Strict Market Neutral	3.14
Volatility Arbitrage	1.85
<b>Liquidating/Cash</b>	6.07
Liquidating	0.62
Cash	5.45

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

### **Retirement & Relief System**

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

#### **Investments Highly Sensitive to Interest Rate Changes**

The Pension Plans invest in mortgage-backed securities, representing U.S. government agency obligations with a fair value of \$1,135,330. Mortgage-backed securities are based on cash flows from the collection of mortgages. Prepayments arise when, for example, mortgagees 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**

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB statement Number 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities.

Investments may be aggregated by rating category within the disclosure. Ratings are set by nationally recognized statistical rating organizations (Fitch Ratings, Moody's Investors Service, and Standard & Poor's). In cases where an investment is unrated, a disclosure noting that the investment is unrated is required.

The City's fiduciary fund investments included the following bonds at June 30, 2016:

#### **Retirement & Relief System**

<b><u>Description</u></b>	<b><u>Rating</u></b>	<b><u>Fair Value</u></b>
U.S. Govt Agency Discount Notes, Bonds	AA	\$ 97,481,790
U.S. Corporate Bonds:	AAA	\$ 834,573
	AA	11,642,935
	A	54,276,611
	BBB	28,314,557
	BB	18,023,592
	B	5,186,489
	CCC	56,538
		\$ 118,335,295
		\$ 215,817,085

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

**Firemens & Policemens Supplemental Pension**

<b>Description</b>	<b>Rating</b>	<b>Fair Value</b>
U.S. Govt Agency Discount Notes, Bonds	AA	\$ 2,339,120
U.S. Corporate Bonds:		
	AA	625,522
	A	1,613,255
	BBB	2,855,844
	BB	1,516,539
	B	<u>818,985</u>
		\$ <u>7,430,145</u>
		\$ <u>9,769,265</u>

**Concentration of Credit Risk**

A concentration in credit risk exists when investments in any one company represents 5 percent or more of total investments and must be disclosed. Excluded from this requirement are investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments.

There were no individual credit investments held at June 30, 2016, which represented 5 percent, or more, of total investments.

**Securities Lending Transactions**

Under the provisions of State statutes, the City of Birmingham Retirement and Relief System lends securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. One of the City's custodial banks manages the securities lending program and receives both cash and domestic bonds as collateral. The collateral securities cannot be pledged or sold by the Retirement and Relief System 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 Retirement and Relief System authorizes the lending of domestic bonds and equity securities. The cash collateral is invested in commingled short-term fixed income accounts. The Retirement and Relief System, as a program participant, assumes the risk that (a) the overnight investment rate 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 replace the securities loaned. The market value of collateral held and the market value (USD) of securities on loan as of June 30, 2016 was \$170,844,768 and \$166,846,014 respectively. The City of Birmingham Retirement and Relief System has incurred no loss through its participation in the securities lending program to date.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

## **IV. Detailed Notes on Funds Other than Fiduciary Funds and Proprietary Funds**

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

#### **Deposits**

At June 30, 2016, the carrying amount of the City's demand deposits, certificates of deposits, and money market investments in all funds was \$225,604,032 and the bank balance was \$242,992,104.

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

#### **Investments**

The following schedule of investments, displays the fair value of assets held in each fund type, as well as the valuation approaches, and inputs used in determining fair value. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Alternative investments classified in Level 3 are valued using discounted cash flow techniques, comparable transactions, and publicly quoted companies methods.

At June 30, 2016 the City of Birmingham had the following investments:

**City of Birmingham, Alabama**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Investments Measured at Fair Value**

	6/30/2016	Fair Value Measurements Using				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
<b>BIRMINGHAM FUND</b>						
<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (Years)</u>				
U.S. Govt. Agency Obligations	8,994,018	4.61	-	8,994,018	-	
U.S. Treasuries	5,540,531	3.37	5,540,531	-	-	
U.S. Corporate Debt	22,795,054	2.94	-	22,795,054	-	
FDIC Insured Certificates of Deposit	2,523,183	1.76	2,523,183	-	-	
U.S. Corporate Stock	49,959,992	-	49,959,992	-	-	
Alternative Investments	-	-	-	-	-	
Total fair value	<u>89,812,778</u>		<u>58,023,706</u>	<u>31,789,072</u>	-	
 <b>BOND RESERVE FUND</b>						
<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (Years)</u>				
U.S. Govt. Agency Obligations	2,298,523	8.77	-	2,298,523	-	
U.S. Treasuries	3,008,727	3.03	3,008,727	-	-	
U.S. Corporate Debt	-	-	-	-	-	
U.S. Corporate Stock	-	-	-	-	-	
Alternative Investments	-	-	-	-	-	
Total fair value	<u>5,307,249</u>		<u>3,008,727</u>	<u>2,298,523</u>	-	
 <b>GENERAL FUND AND OTHER GOVERNMENTAL FUNDS</b>						
<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (Years)</u>				
U.S. Govt. Agency Obligations	3,000,840	1.35	-	3,000,840	-	
U.S. Treasuries	-	-	-	-	-	
FDIC Insured Certificates of Deposit	248,045	0.39	-	248,045	-	
U.S. Corporate Stock	-	-	-	-	-	
Alternative Investments	-	-	-	-	-	
Total fair value	<u>3,248,885</u>		<u>-</u>	<u>3,248,885</u>	-	

**Investments Highly Sensitive to Interest Rate Changes**

The City invests in mortgage-backed securities, in the Birmingham Fund, representing U.S. government agency obligations with a fair value of \$2,953,279. 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.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

### Credit Risk

Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB statement Number 40 requires disclosure of credit quality ratings for investments in debt securities as well as investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. Investments may be aggregated by rating category within the disclosure. Ratings are set by nationally recognized statistical rating organizations (Fitch Ratings, Moody's Investors Service, and Standard & Poor's). In cases where an investment is unrated, a disclosure noting that the investment is unrated is required.

The City's investments included the following bonds at June 30, 2016:

#### BIRMINGHAM FUND

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Govt Agency Discount Notes, Bonds	AA	\$ 14,534,549
FDIC Insured Certificates of Deposit	AA	2,523,183
U.S. Corporate Bonds:		
	AA	4,610,121
	A	7,473,017
	BBB	<u>10,711,916</u>
		\$ <u>22,795,054</u>
		\$ <u>39,852,786</u>

#### GENERAL FUND AND OTHER GOVERNMENTAL FUNDS

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Govt Agency Discount Notes, Bonds	AA	\$ 8,308,090
FDIC Insured Certificates of Deposit	AA	\$ <u>248,044</u> \$ <u>8,556,134</u>

The City, at this time, does not have a formal credit risk policy.

### Concentration of Credit Risk

A concentration in credit risk exists when investments in any one corporate credit represents 5 percent or more of total investments and must be disclosed. Excluded from this requirement are investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments.

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

There were no individual credit investments held at June 30, 2016, which represented 5 percent or more of total investments.

## B. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows (in thousands):

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
<b>Governmental activities:</b>				
Capital assets, nondepreciable:				
Land	\$ 153,167	\$ 1,241	\$ -	\$ 154,408
Construction in progress	106,352	37,813	8,949	135,216
Land, infrastructure projects	<u>16,647</u>	<u>-</u>	<u>-</u>	<u>16,647</u>
Total nondepreciable capital assets	<u>276,166</u>	<u>39,054</u>	<u>8,949</u>	<u>306,271</u>
Capital assets, depreciable:				
Buildings and capital facilities	320,796	10,969	-	331,765
Furniture and other equipment	174,038	5,207	1,082	178,163
Infrastructure	<u>219,497</u>	<u>840</u>	<u>-</u>	<u>220,337</u>
Total depreciable capital assets	<u>714,331</u>	<u>17,016</u>	<u>1,082</u>	<u>730,265</u>
Less accumulated depreciation:				
Buildings and capital facilities	118,356	4,596	-	122,952
Furniture and other equipment	141,779	8,396	1,082	149,093
Infrastructure	<u>146,771</u>	<u>3,098</u>	<u>-</u>	<u>149,869</u>
Total accumulated depreciation	<u>406,906</u>	<u>16,090</u>	<u>1,082</u>	<u>421,914</u>
Net depreciable capital assets	<u>307,425</u>	<u>925</u>	<u>-</u>	<u>308,350</u>
<b>Governmental activities, net capital assets</b>	<b>\$ 583,591</b>	<b>\$ 39,980</b>	<b>\$ 8,949</b>	<b>\$ 614,622</b>

In 1999, the City entered into an operating lease with a non-profit organization to lease zoo property for a nominal amount annually. The first lease period was for 25 years with two 25 year incremental extensions at the discretion of the City. Any zoo property purchased (excluding animals) by the lessee during the term of this lease is City property. The additions for the current year are as follows: construction in progress \$2,332,182; buildings and capital facilities \$168,790; and furniture and other equipment \$54,518 for a total increase in zoo fixed assets of \$2,555,490. Accumulated depreciation was increased by \$1,566,626 related to these assets.

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

The Public, Athletic, Cultural, and Entertainment Board is public corporation that was created in August of 2011. The PACE's structure qualifies as a blended component unit of the City. The PACE owns certain buildings and capital facilities, such as the Regions Field and the Negro Southern League Baseball Museum.

	<u>June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>
<b>Business-type activities:</b>				
Construction in progress	\$ _____ -	\$ 37	\$ _____ -	\$ 37
Total nondepreciable capital assets	_____ -	37	_____ -	37
Buildings and other capital facilities	1,025	-	-	1,025
Furniture and other equipment	6,277	976	-	7,253
Total depreciable capital assets	7,302	976	-	8,278
Less accumulated depreciation:				
Buildings and other capital facilities	502	20	-	522
Furniture and other equipment	2,952	454	-	3,406
Total accumulated depreciation	3,454	474	-	3,929
Net depreciable capital assets	3,848	502	-	4,350
<b>Business-type activities, net capital assets</b>	<b>\$ 3,848</b>	<b>\$ 539</b>	<b>\$ _____ -</b>	<b>\$ 4,386</b>

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

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

**Governmental activities:**

Public safety, including depreciation of infrastructure assets	\$	7,048
Streets and sanitation		2,493
Cultural and recreation		2,897
General government		3,654
<b>Total depreciation - governmental activities</b>	<b>\$</b>	<b><u>16,092</u></b>

**Business-type activities:**

E-911 operations	\$	<u>474</u>
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**C. Interfund Balances / Transfers**

During the course of normal operations, the City has numerous transactions between funds to provide services, construct assets, service debt, etc. Their transactions are generally reported as interfund transfers. No expectation of repayment between funds is expected related to these interfund transfers. The composition of interfund transfer amounts for the year ended June 30, 2016, is as follows (in thousands):

Transfers Out	General Fund	Capital Projects	2015-A Bonds	Non-Major Funds	Totals
General Fund	\$ -	\$ 10,130	\$ -	\$ 1,443	\$ 11,573
Debt Reserve	-	-	-	25,298	25,298
Capital Imp Fund	400	-	-	-	400
Birmingham Fund	4,234	-	-	-	4,234
Non-Major Funds	<u>25</u>	<u>1,249</u>	<u>1,269</u>	<u>13,238</u>	<u>15,781</u>
	<u>\$ 4,659</u>	<u>\$ 11,379</u>	<u>\$ 1,269</u>	<u>\$ 39,979</u>	<u>\$ 57,286</u>

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

**D. 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 to the repayment of the bonds. Bonds outstanding at June 30, 2016, are as follows (in thousands):

<u>Bond Series/Interest Rate</u>	<u>Maturity</u>	
2006-A; 4.00%-5.00%	04/01/2024	\$ 25,095
2007-A; 4.00%-5.00%	12/01/2032	51,135
2013-A; 1.36%-5.00%	03/01/2043	68,061
2013-B; 4.00%	03/01/2034	2,690
2014-A; 3.00%-5.00%	12/01/2032	44,980
2014-C; 4.27%	04/01/2022	16,040
2014-D; 4.455%	12/01/2024	12,120
2015-WFB; 4.574%	11/01/2023	19,885
2015-B; 1.881%-4.533%	03/01/2045	15,430
2015A-1; 5.00%	03/01/2045	38,052
2015A-2; 2.00%-5.00%	03/01/2035	23,215
2016TMC; 11.75%	03/01/2036	2,431
<b>Total City bonds</b>		\$ 319,134
2013-A accreted interest *	03/01/2043	11,520
2015A-1 accreted interest	03/01/2045	1,104
2016TMC accreted interest	03/01/2036	374
<b>Total City bonds and accreted interest</b>		\$ 332,132

\* The City's Series 2013-A bonds, the 2015A-1 bonds, and the 2016 TMC bonds are convertible capital appreciation bonds, which mature from fiscal year 2017 through 2045. This amount represents accreted interest on the balance outstanding as of June 30, 2016. The amounts at full maturity will be \$81,230,000, \$44,665,000 and \$3,392,000 for each series of the bonds, respectively.

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

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

<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Unaccrued Interest</b>
2017	\$ 14,181	\$ 9,308	\$ -
2018	15,835	12,589	-
2019	16,314	12,334	-
2020	11,445	14,019	-
2021	10,040	13,657	-
2022-2026	52,413	61,942	-
2027-2031	75,524	47,067	-
2032-2036	55,378	30,725	-
2037-2041	39,568	22,617	-
2042-2045	28,435	8,465	-
<b>Subtotal</b>	<b>\$ 319,134</b>	<b>\$ 232,723</b>	<b>\$ -</b>
<b>Add:</b>			
Accreted interest through			
June 30, 2016	12,998	-	-
	<b>\$ 332,132</b>	<b>\$ 232,723</b>	<b>\$ -</b>

General obligation warrants and revenue warrants

The City issues general obligation warrants for the same purposes as general obligation bonds. Warrants are also direct general obligations of the City, for which it pledges its full faith and credit. Under State statute, general obligation warrants can be issued without an election and must be issued for a period of maturity of not longer than thirty years. Revenue warrants are tax increment financing district warrants in which ad valorem taxes are collected to fund the debt service. The original amounts of warrants issued was \$208,800,000. Warrants outstanding at June 30, 2016, are as follows (in thousands):

<u>Series/Interest Rate</u>	<u>Maturity</u>	<u></u>
2007-B; 4%	03/01/2017	1,010
2009-A; 3%-4.5%	06/01/2026	11,470
2010-A; 2%-4.5%	02/01/2018	19,330
2010-B; 4.2%-7%	02/01/2040	39,115
2012-RB; 3.99%	08/01/2025	4,390
2012-CTB; 4.375%	08/01/2022	670
2014-PNC; 1.55%	04/01/2020	2,900
2014PNC2; 1.15%	03/01/2018	2,300
2014PNC3; 1.54%	10/01/2018	765
2015-B; 3%-5%	03/01/2033	40,610
<b>Total City Warrants</b>		<b>\$ 122,560</b>

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

**Revenue Warrants:**

2014 Tax Increment Financing; 2.89%	09/01/2008	\$ 15,955
<b>Total Warrants and Revenue Warrants</b>		<b>\$ 138,515</b>

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

<b>June 30</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 16,127	5,330
2018	16,764	4,696
2019	7,162	4,124
2020	7,096	3,877
2021	6,551	3,620
2022-2026	35,092	14,094
2027-2031	26,508	7,417
2032-2036	13,710	3,214
2037-2040	9,505	929
<b>Total</b>	<b>138,515</b>	<b>\$ 47,301</b>
	\$	

PACE Bonds (in thousands):

<u>Series/Interest Rate</u>	<u>Maturity</u>		
2011-A (PACE) 4.00% (see Table F-3)		10/01/2041	50,615
2011-B (PACE) 4.00% (see Table F-3)		10/01/2041	7,680
2016 (PACE) 3.00% (see Table F-3)		04/01/2020	431
<b>Total PACE bonds</b>			<b>58,726</b>

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

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

<b>June 30</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 1,838	\$ 1,949
2018	1,893	1,888
2019	1,920	1,825
2020	1,905	1,762
2021	1,930	1,698
2022-2026	10,670	7,465
2027-2031	9,230	9,210
2032-2036	11,135	6,859
2037-2041	14,735	3,190
2042	3,470	99
<b>Total</b>	<b>\$ 58,726</b>	<b>\$ 35,945</b>

Total outstanding bonds and warrants payable (in thousands):

Bonds payable	\$ 319,134
Warrants payable	122,560
Revenue warrants	15,955
PACE Bonds payable	58,726
	<u>516,375</u>
Less current maturities	(32,147)
Unamortized premium and discount	<u>29,063</u>
<b>Total bonds and warrants payable (noncurrent)</b>	<b>\$ 513,291</b>

Changes in long-term liabilities (in thousands):

<b>Governmental activities:</b>	<b>Balance July 1, 2015</b>			<b>Reduction</b>	<b>Balance June 30, 2016</b>	<b>Due Within One Year</b>
	<b>2015</b>	<b>Addition</b>	<b>Reduction</b>			
Bonds and warrants payable	\$ 509,905	\$ 86,828	\$ (51,295)	\$ 545,438	\$ 32,147	
Capitalized leases	550	11,088	(321)	11,317	1,847	
Worker's compensation claims	19,030	-	(2,642)	16,388	-	
Compensated absences	16,352	720	-	17,072	3,990	
Closure and postclosure costs	15,615	-	(140)	15,475	-	
OPEB liability	37,197	13,085	-	50,282	-	
<b>Total</b>	<b>\$ 598,649</b>	<b>\$ 111,721</b>	<b>\$ (54,398)</b>	<b>\$ 655,972</b>	<b>\$ 37,984</b>	

The City's general fund is typically used to liquidate long-term liabilities with the exception of bond debt service, which is paid from the City's Bond Debt Reserve Fund, and the PACE bonds, which are paid from The Special Lodgings Tax and Stadium Lease Revenues.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

On July 27, 2015 the City entered into a Lease/Purchase Agreement in the amount of \$3,046,510, representing an energy saving program with Philips Lighting North America Corporation, whereby Philips will install energy saving lights in City owned public parking decks and will guaranty certain levels of energy cost savings. The Lease requires quarterly payments, ending on August 27, 2025.

On August 3, 2015 the City issued \$2,060,000 General Obligation Bond Anticipation Note 2015-A, due January 5, 2016 in anticipation of the issuance of authorized general obligation bonds. These notes were retired on January 5, 2016.

On August 3, 2015, the City issued \$19,885,000 General Obligation Bonds, Series 2015-WFB. These tax-exempt bonds currently refunded a like amount of Series 2014-WFB Bonds with the same maturity amounts. The 2015 bonds had a True Interest Cost of 2.31%. After the completion of this second part of a refunding plan, resulting net present value savings was approximately one million dollars.

On September 8, 2015, the City Council approved a settlement agreement with the Developer and Contractor for the Regions Field baseball stadium, in the amount of \$4.1 million. The City paid \$1.5 million from capital funds, immediately. The City is obligated to pay \$371,430 for six years and \$371,420 in the seventh year from its Special Lodgings Tax Fund. Should the tax be insufficient to make the payment, after paying debt service on outstanding PACE Board debt, the obligation will be limited to the actual revenues available and any underpayment will be added to end of the repayment period. Should the balance in the Special Lodgings Tax Fund exceed \$750,000, after paying debt service, the excess will be payed to the Developer/Contractor and will reduce the remaining obligation from the last amount due. See Table F-6 for further details with respect to this agreement.

On December 3, 2015, the City issued \$38,051,900 of its General Obligation Bonds, Series 2015-A1 and \$23,215,000 of its General Obligation Bonds, Series 2015-A2. These bonds were issued pursuant to the 2012 bond referendum and the proceeds will be used to fund capital improvements throughout the City.

On December 15, 2015, the City issued \$2,431,216 General Obligation Capital Appreciation Bond, Series 2015-TMC. This bond was issued to Trinity Medical Center in partial payment of the City's Incentive Agreement.

On January 1, 2016 the City entered into Lease/Purchase Agreements in the amount of \$8,041,266 with Bank of America Capital Corporation in order to acquire Public Safety communication equipment. The term of annual lease payments runs through 2023.

On February 4, 2016, the City issued \$15,430,000 of its General Obligation Bonds, Series 2015-B. The bonds were issued pursuant to the 2012 bond referendum and the proceeds will be used to fund various improvements in the City.

On March 9, 2016, the City entered into a forward Bond Purchase Agreement (Such agreement is referred to herein as "BPA") with respect to its General Obligation Refunding Bonds, Series 2016-A. The issuance of the bonds is conditioned upon the terms specified in the BPA. Under the terms and conditions of the BPA, with respect thereto, the Series 2016-A Bonds, when as and if issued, will provide funds for the current refunding of the City's Series 2006-A Bonds, dated December 21, 2006 that are currently outstanding and that mature in 2017, 2018, 2020, 2023 and

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

2024. The closing of this issue is scheduled for July 7, 2016. The referenced 2006-A bonds will be redeemed on October 1, 2016 in accordance with their terms. Subsequent to year-end, the closing did occur.

On April, 21, 2016 The Public Athletic, Cultural and Entertainment Facilities Board of the City of Birmingham issued a \$431,666 Special Revenue Bond to provide funds to complete the Negro Southern League Museum, a baseball museum adjacent to Regions Field stadium. This bond will be repaid from pledged donations from several corporations located in the City.

#### **E. Capitalized Leases**

At June 30, 2016, approximately \$508,534 in accumulated depreciation and approximately \$156,472 in current year depreciation expense has been recorded in the government-wide financial statements related to assets costing \$4,647,644 purchased under capital leases. The current portion of the outstanding liability related to these capital leases at June 30, 2016 reported in the government-wide financial statements totaled \$1,847,170. The remaining long-term portion of these capital lease obligations reported in the government-wide financial statements totaled \$9,469,881 at June 30, 2016.

The following schedule shows the future minimum lease payments at June 30, 2016:

Fiscal Year	Interest	Principal	Total Lease Payment
2017	97,949	1,847,170	1,945,119
2018	84,622	1,747,574	1,832,195
2019	74,039	1,645,233	1,719,272
2020 and thereafter	225,727	6,077,075	6,302,802
<b>Total</b>	<b>\$ 482,337</b>	<b>\$ 11,317,051</b>	<b>\$ 11,799,388</b>

#### **Business – Type Activities**

The current portion of the outstanding liability related to the business-type activities capital leases at June 30, 2016 totaled \$175,667. The remaining long-term portion of these capital lease obligations totaled \$351,334 at June 30, 2016.

The following schedule shows the future minimum lease payments at June 30, 2016:

Fiscal Year	Interest	Principal	Total Lease Payment
2017	-	175,667	175,667
2018	-	175,667	175,667
2019	-	175,667	175,667
2020 and thereafter	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 527,000</b>	<b>\$ 527,000</b>

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

## F. Risk Management

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

The City is self-insured for its Workers' Compensation liability. The city currently has in force an excess workers compensation insurance policy, whereby the City retains the first \$1,000,000 of liability per claim and has a \$2,000,000 corridor deductible. The City had a professional actuary estimate its liability at June 30, 2016. This amount was calculated to be \$16,387,533 and has been accrued on the government-wide financial statements. The changes to the liability for workers compensation claims are shown below (in thousands):

June 30	Beginning Liability	Current Year Claims and Changes in Estimates		Claim Payments	Ending Liability
		Changes in Estimates	Claim Payments		
2016	19,030	(2,642)	-	16,388	
2015	17,956	1,073	-	19,030	
2014	17,209	747	-	17,956	
2013	14,259	2,950	-	17,209	
2012	14,265	(6)	-	14,258	
2011	11,947	2,318	-	14,265	
2010	2,836	9,111	-	11,947	

The City is also self-insured for its Employee Health Plan (the Plan). The Plan is accounted for in an Internal Service Fund and is externally administered. Contributions for City employees and their dependents are shared by the City and the employee. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNRs). Stop-loss insurance is maintained for this program at \$325,000 per individual. Claims have exceeded insurance coverage the last four years. It is anticipated that all claims outstanding as of June 30, 2016 will be paid during the next fiscal year.

Changes in claims liability for the last two years are as follows:

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

	<b>Beginning of Fiscal year Liability</b>	<b>Incurred Claims</b>	<b>Claim Payments</b>	<b>End of Fiscal Year Liability</b>
2015-2016	\$ 2,950,000	\$ 43,826,074	\$ 44,266,074	\$ 2,510,000
2014-2015	2,850,000	49,681,404	49,581,404	2,950,000

The City is a defendant in numerous suits and has been notified of numerous claims against it arising from alleged defective sidewalks and streets, alleged negligence relating to motor vehicles and other matters relating to the normal operation of a municipality such as employment and contract disputes, as well as suits and claims arising from the alleged denial of civil rights. Section 11-93-1 *et seq.* of the Code of Alabama 1975, as amended, places a limit of \$100,000 with respect to the City's liability for any bodily injury or death resulting from a negligent or wrongful act of one of the City's agents, officers, or employees. That provision further places a limit of \$300,000 with respect to the City's liability, in the aggregate, where more than two persons have claims or judgments on account of personal injuries and deaths arising from a single occurrence. The Supreme Court of Alabama has upheld the constitutionality of this statute. The City is self-insured. Any liability resulting from a suit or claim is covered by funds of the City which are available to discharge such liability without impairing the City's ability to perform any of its other obligations. The City covers all legal claims out of its General Fund resources. Claims and liabilities are recorded when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. At June 30, 2016, the estimated amount of these liabilities totaled \$11,041,898 and is considered a current liability. The liability is the City's best estimate based on available information.

Below is a list of significant pending claims or litigation:

### **RAILROAD LITIGATION**

The City of Birmingham is litigating a number of diesel fuel tax refund cases pursuant to the Railroad Revitalization and Regulatory Reform Act (i.e. the "4-R Act"). These cases have been placed on the administrative dockets of several state and federal courts pending a resolution of *CSXT v. Department of Revenue of Alabama* in the United States Northern District of Alabama. After the Eleventh Circuit Court of Appeals remanded the *CSXT v. Department of Revenue of Alabama* case, the federal trial court held a four-day trial to determine if the State discriminated against the railroad and whether the State assessed "roughly equivalent" taxes on competitors. That court has requested each side submit post-trial briefs before making its decision. Earlier this year, the City moved to consolidate the cases filed in Jefferson County Circuit Court and move them forward to trial. The railroads opposed the City's request. The state trial court, in Jefferson County, granted the City's request to consolidate the cases but stayed all other motions and ordered the parties to file a status report no later than December 31, 2016.

*CSX Transportation, Inc. v. City of Birmingham*, CV2010-901772, CSX claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases for years 2004, 2005, 2006 and through October 2007. Refund sought \$3,124,475. Pre-judgment interest of \$3,405,677 sought. **Total refund sought is \$6,530,153.** Case under stay.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

*CSX Transportation, Inc. v. City of Birmingham*, CV2012-904061, CSX claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases from November 2007 through November 2008. Refund sought \$2,222,384. Pre-judgment interest of \$2,133,489 sought. **Total refund sought is \$4,355,873.** Case under stay.

*CSX Transportation, Inc. v. City of Birmingham*, CV2013-904854, CSX claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases from December 2008 to January 2011. Refund sought \$2,830,194. Pre-judgment interest of \$1,443,399 sought. **Total refund sought is \$4,273.593.** Case under stay.

*BNSF Railroad v. City of Birmingham*, CV2010-903064, BNSF claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases from February 2005 through February 2008. Refund sought is \$1,745, 579. Pre-judgment interest of \$1,832,858 sought. **Total refund sought is \$3,578,438.** Case under stay.

*BNSF Railroad v. City of Birmingham*, CV2013-901031, filed in State Court and motions for summary judgment have already been argued; however, the judge is holding his ruling pending resolution of federal case that is now remanded to the federal trial court. BNSF claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases from March 2008 through June 2009. Refund sought is \$1,005,326. Pre-judgment interest of \$894,740 sought. **Total refund sought is \$1,900,067.** Case under stay.

*BNSF Railroad v. City of Birmingham*, CV2014-903876, filed in State Court. BNSF claims a refund under the Railroad Revitalization and Regulatory Reform Act for sales and use taxes paid for diesel fuel purchases from July 2009 through April 2011. Refund sought is \$1,290,020. Pre-judgment interest of \$1,148,119 sought. **Total refund sought is \$2,438,139.** Case under stay.

*Norfolk Southern Railway Company v. City of Birmingham*, CV-2015-901133, filed in Montgomery, Alabama. Norfolk is requesting a refund of diesel fuel taxes paid for January 2012 through March 2013. **Total refund sought is \$2,513,989.** Case under stay.

## **OTHER CASES**

*Ensley Revitalization Committee, et al. v. City of Birmingham*, CV-2012-903289.00, filed in the Tenth Judicial Circuit for the State of Alabama. Plaintiffs assert claims for personal injuries and real property damages from the willful, wanton, and reckless neglect by the City of a city owned building. The City through its attorneys in the City Law Department will vigorously defend all allegations and assert various defenses on behalf of the City. Claim is \$1,100,000.

*C. W. Woods Services v. City of Birmingham*, Case No. CV13-891, filed in the Circuit Court of Jefferson County, Alabama, in which Plaintiff alleges breach of contract and unjust enrichment regarding three construction contracts. The case was tried before a jury and a verdict was entered in favor of the Plaintiff in the amount of, roughly, \$3,500,000. The City filed the appropriate post judgment pleadings including remitter, the judgment amount was remitted down by \$1,000,000 and the judgment became \$2,500,000, which the City paid subsequent to year-end.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

*James Terrell, et al., v. City of Birmingham*, CV-2012-00881; 00882; 00883; 00884; 00885. Plaintiffs are requesting a refund of business license taxes paid from 2008 through 2010. Plaintiff also challenge the constitutionality of the City's assessment of business license tax. In addition to the refund, the City has significant exposure in future assessments should the Court hold the City's business license unconstitutional. **Total refund sought is \$227,096.05.** The City expects that this case will be settled in the near future.

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

June 30	Beginning Liability	Changes in Estimates	Claim Payments	Ending Liability
2016	\$ 15,211	\$ (4,169)	\$ 0	\$ 11,042
2015	17,139	(878)	1,050	15,211
2013	7,662	11,291	1,814	17,139
2012	1,589	7,901	1,828	7,662
2011	1,696	953	1,060	1,589

## OTHER OBLIGATIONS

### Birmingham Zoo Obligations

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

### Tax Increment Financing Warrants

On December 17, 2014, the City issued its Tax Increment Financing District No. 1 Revenue Warrant Series 2014, outstanding in the amount of \$15,955,000 as of June 30, 2016. The Warrants were issued to currently refund the City's Tax Increment Finance District 1 Revenue Warrant No. 1 and Tax Increment Finance District 1 Revenue Warrant No. 2, both dated November 6, 2009. The final maturity of the refunding warrants is September 1, 2028. The Series 2014 Warrants are tax-exempt warrants, with an interest rate of 2.89%.

The TIF Warrants are payable from, and secured by, a pledge of that amount of revenue produced in each year from the levy of certain local ad-valorem taxes by the City and Jefferson County in the Tax Increment District (generally the downtown city center) which is in excess of the amount of such revenue produced from the levy of such taxes in such District in the year in which such District was established (1998), less commission required by law to be paid to the Tax Assessor and Tax Collector of Jefferson County. In addition to TIF revenues, the Warrants are payable from a General Obligation Funding Agreement from the City, in any amount needed.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

**Public Athletic, Cultural and Entertainment Board of the City of Birmingham 2011 Funding Agreement**

The City increased its Lodgings Tax by 3.5%, effective January 15, 2011. The proceeds of the tax increase are dedicated to the repayment of obligations issued by the PACE Board. The Board's bonds funded the construction of a minor league baseball stadium, the home of the Birmingham Barons, and were used to construct a Negro League baseball museum adjacent to the stadium. On December 15, 2011, the City entered into a Funding Agreement with the Public Athletic, Cultural and Entertainment Facilities Board of the City of Birmingham (the "Board"). The Funding Agreement pledged the increased Lodgings Tax portion (3.5%) and certain revenue from the operations of the baseball stadium to pay debt service on the Board's Series 2011A and Series 2011B Bonds, issued to provide financing for the construction. The Bonds are currently outstanding in the amount of \$58,295,000, with annual debt service payments of approximately \$3,665,000, including interest at rates ranging from 3.09% to 4.87%. The Funding Agreement is a general obligation of the City and has a term equal to the term of the Board's Series 2011A and Series 2011B Bonds, which mature on October 1, 2041, subject to mandatory tender on December 14, 2026. The Barons played their first game in the stadium on April 10, 2013.

**Commercial Development Authority of the City of Birmingham 2011 Funding Agreement**

The Bonds supported by this Funding Agreement, currently outstanding in the amount of \$67,410,000, were issued by The Commercial Development Authority of the City of Birmingham, a public corporation of the City, to finance a four-star convention hotel of approximately 300 guest rooms and related meeting rooms, restaurant and exercise facilities, approximately 60,000 square feet of storefront space for lease to food service and entertainment facilities, and related streets and public infrastructure, all adjacent to the civic center complex, in the downtown area of the City, for use by the Birmingham – Jefferson Civic Center Authority (the "Civic Center Authority"). The Civic Center Authority, a public corporation, owns and operates the facilities financed by such bonds. The Mayor of the City is a member of the board of directors of the Civic Center Authority. The City has pledged, as a source of payment and security for its obligations under this Funding Agreement, the following amounts received in each fiscal year: (i) \$3,000,000 of the Occupational Tax and (ii) 2/3rds of the proceeds of the Lodgings Tax levied at the rate of 3.00%. This Funding Agreement is a full faith and credit general obligation of the City. The agreement calls for annual payments through fiscal year 2041 of approximately \$4,995,000. The hotel, which opened in January 2013, is operated as the Westin Hotel Birmingham and the entertainment space is currently 100% leased.

**ECONOMIC DEVELOPMENT INCENTIVE OBLIGATIONS – TAX ABATEMENTS**

From time-to-time the City enters into economic development incentive agreements with entities that propose to locate businesses within the City, or expand businesses within the City, which are expected to provide a stimulus to the City's economy and tax base. Generally, the agreements provide for a rebate of taxes paid to the City according to formulas contained in the agreements. Some agreements provide for a rebate of sales, use or occupational taxes based on the payment of taxes above a base line and others provide for a sharing of the taxes (percentage rebates) above certain amounts. The agreements have limited terms. The City generally expects to receive increased revenue as a result of the agreements. These incentive agreements require approval by the Mayor and City Council and are authorized by Amendment 772 of the Constitution

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

of Alabama. Some agreements provide for the repayment to the City of the rebated amount if the entity ceases to operate its business for a certain length of time or fails to produce a certain level of employment. The amount of taxes rebated during fiscal year 2016 was \$5,875,260. Occasionally, the City will agree to provide improvements to public infrastructure in the vicinity of a project. Those projects that have a total estimated rebate, or other commitment, of \$1 million or more, are detailed below. The total estimated aggregate amount of these obligations is \$85.3 million.

**Serra Automobile Dealerships Development Agreement** – Through a business retention and expansion program, in May, 2013 the City agreed to provide an annual rebate of sales taxes generated, not exceeding \$753,000 during a year, until a total rebate of \$5,271,000 has been provided. The remaining balance is \$3,462,000. \$753,000 was rebated to Serra during fiscal year 2016.

**Limbaugh Toyota Redevelopment Agreement** – In the Agreement, the City agreed to support an expansion of the business by deeding certain real property to the Company and to make six annual payments of \$315,000 and one payment of \$310,000, totaling \$2,200,000 during the first seven years of the agreement, after completion of construction; and to rebate 25% of New Sales Tax Revenue in 2020 through 2022. The first payment was due on October 31, 2015 and the remaining balance is \$1,570,000. \$315,000 was rebated to Limbaugh during fiscal year 2016.

**Trinity/Daniel Agreement (the “Agreement”)** – In October, 2008 the City entered into a Project Agreement with the owner of Trinity Medical Center, a full-service in-patient hospital, located in Birmingham (“Trinity”). Affiliates of Daniel Corporation, a real-estate development firm, (“Daniel”) were also parities to the Agreement. The Agreement provided incentives for the hospital to relocate to the, fast growing, Highway 280 area of the City. Daniel proposed to build ancillary buildings and a hotel. The move required Trinity to secure a Certificate of Need from the State licensing board. The CON was granted and years of litigation ensued, brought by competing hospitals. In March, 2013 the Alabama Supreme Court settled the matter and Trinity began its construction project which, when completed, was expected to cause the City to retain approximately 2,300 employees and Daniel projected that it’s development would generate approximately 600 employees. The new Trinity hospital is now open and operating. The Agreement obligates the City to rebate various taxes during construction periods and during operational periods to both Trinity and Daniel. Generally, the rebate requirements are summarized below, which summary is not intended to be a reproduction of the entire agreement. Other provisions may apply. The City has advised Trinity and Daniel that it does not have the authority to rebate ad-valorem taxes that are earmarked for specific uses, whether by the Constitution and Statutes of the State and/or by the referendums approving the taxes. In addition to the City’s 9 mill general ad-valorem tax, the Agreement contemplates the rebate of the 9.2 mill Bond Debt Service Tax and the .5 mill Library Tax, all three of which are ear-marked, in whole or in part, for specific uses.

**Trinity:**

During Construction:

Trinity Received:

100% sales and use taxes

100% non-educational ad-valorem taxes

Operational Period:

Trinity Receives:

Years 1-10	Years 11-20
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City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

Non-educational ad-valorem taxes	80%	40%
Occupational Tax	80%	40%

Daniel:

During Construction:

Daniel Receives:

100% sales and use taxes

100% non-educational ad-valorem taxes

Operational Period:

Daniel Receives: Years 1-20

Non-educational ad-valorem taxes 90%

Occupational tax 90%

The term of the Agreement is 23 years from the commencement of construction. The total amount payable to Trinity and to Daniel during the operating periods will not exceed \$39,756,600 and \$15,000,000, respectively. The remaining balance is \$40,372,146. Daniel has not begun a project. The amount rebated to Trinity during fiscal year 2016 was \$2,404,750. Also during the year, the City issued a bond, in the amount of \$2,431,216, with total principal and interest payments of \$8,496,200 to trinity as partial payment of the City's incentive obligations.

The Children's Hospital of Alabama ("TCHA) Agreement ("Agreement") – On May 13, 2008 the City entered into an incentive agreement with the Children's Hospital of Alabama relating to the construction of a replacement hospital in the medical district of the City. The agreement provides that the City will rebate certain construction related permits/taxes during construction and then rebate occupational taxes which exceed a baseline according to the following formula: years 1-4: 50%; years 5-12: 80% and years 13-20: 50%. The occupational tax baseline is the amount of occupational tax paid to the City for the twelve-month period ending September 30, 2007. The term of the Agreement is the earlier of May 13, 2028 or when the total amount rebated by the City equals \$20 million. The new hospital's cost was approximately \$375 million and the old facility has been converted into research space. The new hospital opened in March, 2011. The remaining maximum obligation balance is \$16,190,377. The amount rebated to Children's during fiscal year 2016 was \$546,665.

Laboratory Corporation of America Holdings – In February, 2015 the City entered into a Project Funding Agreement incentive to keep Lab Corp., and its large number of employees in the City. The Agreement provides that upon completion of a major renovation and upgrade to its facilities, the City will pay to Lab Corp. \$3,050,000. This amount has been appropriated and is expected to be paid during fiscal year 2017. The Agreement contains a recapture formula should the company relocate prior to ten years from the Completion Date.

Firestone Flowers, LLC – In November, 2014 the City entered into a Project Funding Agreement to incentivize Firestone to complete the redevelopment of a half block in the City center, at a cost of approximately \$30 million to include a five-story building which will include a Publix Supermarket, approximately 85 apartment units and a parking deck to provide approximately 270 off-street parking spaces to accommodate the Publix and the apartments. The City agreed to rebate 65% of the actual projects sales tax revenue for years 1 and 2, beginning October 1, 2017 and 60% of sales tax revenue for years 3-10, but not more than \$6,450,000 during the term. Should the Firestone, or affiliates, relocate the Publix to another location outside of the City during the reimbursement term, Firestone must repay any rebates received to the City.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

Edwards Chevrolet Company, Inc. – In April, 2013 the City entered into an Incentive Agreement with Edwards, under which Edwards would modernize its show-room in the Central Business District. The City agreed to rebate 50% of Edward's sales tax (generated after any other incentive plan) during a period of seven years from the project completion date. Should Edwards close or relocate to outside of the City during the term and for three years thereafter, Edwards must repay any rebated amounts to the City. The maximum amount subject to rebate during the term is \$1.2 million. \$241,975 was rebated to Edwards during fiscal year 2016.

Festival Center Birmingham, LP – In July, 2014 the City entered into a Project Agreement with Festival whereby Festival would refurbish a 286,000 square foot shopping center that had become blighted and highly vacant. The City agreed to share in the costs of the redevelopment by rebating the lesser of 50% of sales tax generated, or \$356,800. The rebates are limited to the sales tax generated with a maximum of \$1,784,000 over a five year period from the Completion Date. \$291,536 was rebated to Festival during fiscal year 2016.

CR HQ, LLC – In February, 2016 the City entered into a project agreement with Corporate Realty to incentivize the construction of a new headquarters building for Healthsouth Corporation in the City. The Company will relocate from another location in the City. The total incentive was \$1,932,000 for site development costs. The City has paid one-half from capital funds and will pay the other half from capital funds when the site development has been completed.

New Car Franchise Dealers – In 2009, the City entered into an incentive agreement with Franchise Dealers for new cars. For those existing Franchise Dealers, the City agreed to rebate sales taxes in the amount of any sales tax rate on new cars in excess of 1%. The current rate is 2%, so the effective rebate is 1%. This rebate is reduced by ¼% of used car sales. The rebate is payable quarterly, based on Franchise Dealer sales tax filings. The agreement ends in 2039. The amount of the rebate during fiscal year 2016 was \$1,783,767.

## **TAX ABATEMENT AGREEMENTS OF OTHER ENTITIES THAT REDUCE CITY OF BIRMINGHAM TAX REVENUE**

Disclosures made in this CAFR are subject to GASB Statement 77, for the first time. This statement requires the City to disclose tax abatements granted by other governmental entities that reduce the tax revenue of the City. The two entities that grant such abatements are listed below. The Statement requires the City to disclose the amount of the taxes abated during the fiscal year. For purposes of this disclosure, the City chooses to disclose all known agreements to be better able to track agreements from year-to-year.

### **The City of Birmingham Downtown Redevelopment Authority**

This authority grants the right for an applicant to be exempt from all, non-educational, sales and use taxes imposed on building materials and equipment related to a project pursuant to Chapter 54A of Title 11 of the Code of Alabama 1975, as amended and Chapter 9B of Title 40 of the Code of Alabama 1975, as amended. The members of the Authority are appointed by the City Council of the City of Birmingham. In the case of sales and use tax abatements on construction materials, the taxes abated are not received by the City, nor is there currently a reporting mechanism for the City to receive such information. The State Department of Revenue provides a Purchasing Agent

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

appointment letter to abatees so that they can purchase materials tax-exempt. All outstanding agreements of the Authority do not require abatees to provide information to the City. To comply with the GASB Statement, the City has asked abatees to provide this information, but they have not cooperated. The City has asked the Authority to require this reporting in all future abatement agreements. The information presented below has been compiled, after reasonable attempts to obtain the required information. The City makes no representation that this information is correct, complete, or that individual circumstances have not changed subsequent to the application to the Authority for abatements.

THE CITY OF BIRMINGHAM DOWNTOWN REDEVELOPMENT AUTHORITY									
Company	Date of Agreement	Annual Ad-Valorem	Total Ad-Valorem	Annual * Sales & Use	Total Sales & Use	Project Investment	Beginning of Abatement Term	End of Abatement Term	Estimated* Taxes Abated
	Fiscal Year	Fiscal Year	FY 2016						
Parkside Residences, LLC	Nov 2013			130,000	260,000		2014	2021	32,257
Birmingham Landmarks, Inc.	Mar 2014			87,500	175,000		2014	2016	48,509
Cityville Venue at the Ballpark LLC	Jul 2014			102,000	403,933		2015	2020	179,144
Empire Hospitality, LLC	Feb 2015			175,000	352,000		2015	2017	192,047
AUM Birmingham, LLC	Feb 2015			72,500	155,000		2015	2017	84,566
Pizitz, LLC	Feb 2015			530,000	1,059,656		2015	2017	578,138
Gen3 Properties, LLC	Jan 2016			70,000	140,000		2016	2018	29,302
Sunbelt-G2BA, LLC	Oct 2015			185,000	434,520		2016	2018	46,810
Central City Developers, LLC	Apr 2016			60,000	120,000		2016	2018	12,518
FR BHAM, LLC	Dec 2015			75,000	187,100		2016	2018	42,215
<b>Total Estimate*</b>									<b>1,245,506</b>

\*See description above

### The Industrial Development Board of the City of Birmingham

This Board grants abatements of non-educational ad-valorem and non-educational sales and use taxes for qualified applicants, pursuant to Chapter 9B, Title 40, Code of Alabama 1975 and the Tax Incentive Reform Act of 1992 for periods not exceeding ten years. The members of the Board are appointed by the City Council of the City of Birmingham. These projects are expected to increase the tax base of the City and provide additional jobs for City residents. The City does not collect its ad-valorem taxes. The Tax Collectors of Jefferson and Shelby Counties are responsible for such collection. When the IDB grants an abatement of certain mileages, the Tax Collectors do not collect this amount from abatees. These agreements typically abate ad-valorem taxes for ten years, further complicating the access to the disclosure information. The City does not receive tax collection information with respect to individual ad-valorem taxpayers. In the case of sales and use tax abatements on construction materials, the taxes abated are not received by the City, nor is there a reporting mechanism for the City to receive such information. The State Department of Revenue provides a Purchasing Agent appointment letter to abatees so that they can purchase materials tax-exempt. All outstanding agreements of the Board do not require abatees to provide information to the City. The City has asked the Board to include such reporting requirements in all future abatement agreements. The information presented below has been complied, after

**City of Birmingham, Alabama**  
**Notes to the Financial Statements**  
**June 30, 2016**

reasonable attempts to obtain the required information. The City makes no representation that this information if correct, complete, or that individual circumstances have not changed subsequent to the application to the Board for abatements.

Estimated City of Birmingham Non-Educational Tax Abatements by Other Governmental Entities									
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF BIRMINGHAM									
Company	Date of Agreement	Annual Ad-Valorem	Total Ad-Valorem	Annual * Sales & Use	Total Sales & Use	Project Investment	Beginning of Abatement Term	End of Abatement Term	Estimated* Amount of Taxes Abated
Superior Mason Products	Sep 2016	29,443	265,312	20,182	22,402	7,100,000	2017	2026	0
Voestalpine Automotive Parts, Inc.	Jun 2016	26,531	265,312	92,893	185,786	10,600,000	2018	2027	0
Evonik Corporation	Jan 2016	250,000	2,500,000	800,000	1,765,000	35,000,000	2018	2027	0
SMI Steel LLC	May 2016	203,098	2,030,980	400,000	1,329,446	68,000,000	2017	2026	0
Healthsouth Corporation	Mar 2016	83,451	834,509	400,000	891,646	22,313,483	2017	2026	0
CR HQ LLC - Healthsouth project	Mar 2016	240,765	2,407,659	300,000	601,675	64,377,100	2017	2026	0
Allied Energy Company, LLC	Dec 2016	22,916	229,161	70,000	131,499	8,860,000	2016	2025	0
BMBR, LLC	Feb 2016	3,982	39,821	4,750	9,735	1,140,000	2016	2025	2,000
Kamtek, Inc.	Aug 2015	1,771,491	17,714,916	6,500,000	13,175,700	534,750,000	2016	2025	1,000,000
P & R Metal, Inc.	Nov 2015	4,431	44,316	5,500	25,475	660,000	2016	2025	5,500
Triton Health Systems, L.L.C.	Dec 2015	12,243	122,433	55,000	116,285	3,273,798	2016	2025	55,000
WSSA Birmingham, LLC	Dec 2015	14,959	149,597	28,000	56,832	4,000,000	2016	2025	28,000
DSW Industrial Knives	Sep 2015	9,948	99,480		22,778	2,660,000	2016	2025	15,000
Marx Brothers, Inc.	Sep 2015	1,833	183,330		84,436	4,900,000	2016	2025	40,000
Cahaba Brewing Co.	Sep 2015	4,172	41,720		43,617	2,260,000	2016	2025	20,000
Water Sciences Technologies, LLC	Mar 2015	6,285	62,850		62,216	1,750,000	2016	2025	30,000
L. B. Foster Company	Feb 2014	35,700			185,000	5,000,000	2016	2025	60,000
Oxford Pharmaceuticals, Inc.	Nov 2014	108,159	1,081,589		497,017	29,460,000	2015	2024	206,000
Data Perk, LLC	Aug 2014	13,237	132,370		45,844	3,500,000	2015	2024	15,000
Mayco Industries, Inc.	Aug 2014	1,683	16,830		8,205	450,000	2015	2024	1,683
Meeting Street Investments	Jun 2014					440,000	2015	2024	
Berman Brothers Iron & Metal	Jul 2014	12,715	127,150		57,999	6,200,000	2015	2024	13,000
Barber Motor Sports	Jul 2014				80,992	5,245,000	2015	2024	0
Cadence Bank	Jan 2013	5,391	53,910		106,656	2,900,000	2014	2023	5,400
American Builders & Contractors Sup	Dec 2013	12,118	121,780		41,595	3,255,000	2014	2023	12,200
Hardy Corporation	Aug 2013	28,809	288,090		95,546	7,500,000	2014	2023	28,800
Royal Cup, Inc.	Apr 2013	86,423	864,270		399,960	48,000,000	2014	2023	86,400
Trim Tab Brewing	apr 2013	2,506	25,060			605,816	2014	2023	2,500
Friedken Realty - GSTTS, LP	May 2013	8,380	83,800			2,200,000	2014	2023	8,400
Induron Coatings	Jan 2013	4,190	41,900			1,115,000	2014	2023	4,200
Good People Brewing Co., LLC	Oct 2012	10,476	104,760			600,000	2013	2022	10,500
Bama Terminating & Trading LLC	Sep 2012	5,238	52,380			11,900,000	2013	2022	5,200
Kineti Investments LLC	Aug 2012	5,500	55,000			1,460,000	2013	2022	5,500
Hibbett Sporting Goods, Inc.	Aug 2012	32,350	323,500			8,650,000	2013	2022	32,400
Solubles Therapeutics, Inc.	Jul 2012	602	6,020			160,000	2013	2022	600
Accretive Health, Inc.	Jul 2012	42,074	420,074			2,250,000	2013	2022	42,000
Birmingham Recycling & Recovery	Jul 2011	7,438	74,380			1,987,907	2013	2022	7,400
Community Health Services	Feb 2011	81,846	818,467			28,564,000	2012	2021	81,800
Southern Gas & Supply	Nov 2010	4,282	42,820			4,595,000	2011	2020	4,300
ARC Alabama, LLC	May 2010	77,442	774,420			24,000,000	2010	2019	77,400
Hardy Fabrications LLC	May 2010	2,199	21,990			588,200	2011	2020	2,200
American Cast Iron Pipe Co.	Mar 2010	20,056	200,560				2011	2020	20,100
Integrated Medical Sys International	Dec 2009	9,642	96,420			6,400,000	2010	2019	9,600
Consolidated Pipe & Supply Co., Inc.	Dec 2009	16,499	164,990			4,350,000	2010	2019	16,500
Alabama Reclamation Co., LLC	Jul 2009	52,172	521,172			15,000,000	2010	2019	52,200
Oneal Steel, Inc.	Nov 2008	21,475	214,750			5,750,000	2009	2018	21,500
Brookwood Pharmaceuticals, Inc.	May 2008	133,569	1,335,690			37,700,000	2009	2018	133,600
Summit Products LLC	Apr 2008	8,989	89,885			2,500,000	2009	2018	9,000
Maintenance Plus, Inc.	Aug 2007	10,476	104,760			2,100,000	2009	2018	10,500
Oxmoor Center LLC	Jun 2007	1,222,184	12,221,841			420,108,164	2008	2017	1,222,200
American Pipe & Supply	Jan 2007	15,708	157,080			4,200,000	2008	2017	15,700
P B Service LLC	Jun 2007	24,304	243,040			6,500,000	2008	2017	24,300
<b>Total Estimate*</b>									<b>3,443,583</b>

\*See description above

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

## **G. 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 \$15,475,345 reported as closure and postclosure cost liability at June 30, 2016, represents the cumulative amount reported to date based on the use of approximately 95 percent of the estimated capacity of the landfills. These amounts are based on what it would cost to perform all closure and post-closure care in 2016. Actual costs may be higher due to inflation, deflation, changes in technology, and/or changes in laws or regulations. Officials estimate the landfills' remaining lives to be approximately four years.

## **H. Pension Plans**

### **1. General Information**

The City has three single employer defined benefit pension plans, the City of Birmingham Retirement and Relief System (Retirement and Relief System), the City of Birmingham Firemen's and Policemen's Supplemental Pension System (Firemen's and Policemen's System) and, the City of Birmingham Unclassified Employees' Pension & Relief System (Unclassified Pension and Relief System) which provides pension benefits for substantially all employees. Each of the three plans was established by state law and is administered by a separate board of managers.

The funding methods and determination of benefits payable were established by the legislative acts creating such plans and provide that the pension plan funds are to be funded 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 these plans. Separate financial statements are presented in this report for the pension funds.

### **2. Plan Description**

**Retirement and Relief System** - This system covers all eligible civil service employees 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.

**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.

**Unclassified Employees' Pension & Relief System** - This system covers laborers not hired under civil service.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

### **3. Benefits Provided**

**Retirement and Relief System** - A participant may retire at (a) age 60 if they have completed 5 years of credited service, or (b) any age if he has completed 30 years of credited service and receive a pension benefit of 2.50% of final average salary for each year of credited service. This amount cannot be greater than 75.0% of the final average salary nor less than \$400 per month. The service credit used to determine the benefit amount may be increased by credit granted for unused sick leave (on a percent of possible total basis). The final average salary is defined as the highest average compensation over any 36-month period of the employee's last ten years of participation. A participant may retire early at age 55 if they have completed 25 years of credited service and will receive a benefit amount equal to 1.85% of final average salary for each year of credited service.

#### **Disability**

A participant is eligible for disability benefits after 5 years of credited service. The benefit amount is 2.00% of final average salary at disability for each year of credited services, payable immediately. This amount cannot be greater than 60% of the final average salary nor less than \$400.

#### **Termination**

To a participant terminating prior to eligibility for a pension from the plan, a lump sum of contributions without interest is payable. Participants terminating after 10 years of credited service who leave their contributions in the Fund have a non-forfeitable right to a monthly pension beginning at age 62. The form and amount of the pension are the same as the Normal pension. Since all active employees have at least 20 years of service now, there is no reduction for partial vesting.

#### **Death Benefits**

If a participant dies prior to his attainment of eligibility for vesting or retirement, if not married, a lump sum of contributions without interest is payable to the beneficiary. If an active vested participant or vested inactive participant dies, 50% of the accrued pension benefit, reduced by the Joint and Survivor factor, is payable to the surviving spouse, if any, during their remaining lifetime. The Joint and Survivor factor is 10%, plus  $\frac{1}{2}$  of 1% per year of spouse age more than 10 years younger than the participant. The spousal benefit is deferred to the date the participant would have been age 62. The spouse may elect an immediate return of the participant's own contributions in lieu of the annuity.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

### **Optional Benefit Forms**

A participant retiring under the plan may choose, in lieu of an annuity for life, an optional form of benefit including a joint and survivor annuity reduced as described above, a partial lump sum option or a Social Security option. Optional forms will be calculated as the actuarial equivalent of the life annuity form.

### **The Deferred Retirement Option Plan (DROP)**

An employee with 33 years of service or who is at least age 63 with 23 years of service may elect up to a 36-month Back-DROP. The employee's monthly benefit will be calculated using service and final average salary as of the Back-DROP date and the employee will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

**Firemen's and Policemen's Supplemental Pension System** - A participant may retire after 20 years of credited service. A benefit equal to 50% of final average salary plus 0.5% of final average salary is paid for each year over 20 years is paid for the period prior to eligibility for 30-year retirement under the General Fund. The final average salary is defined as the highest average of basic salary earned during any 42 consecutive month period in the last 10 years prior to termination.

### **Disability**

A participant is eligible for disability benefits after 5 years of credited service. A supplemental benefit sufficient when added to the General disability allowance to total not less than 25% nor more than 50% of final average salary is payable for the life of the participant.

### **Termination**

If a participant terminates prior to eligibility for a pension from the Plan, a lump sum of his/her own accumulated contributions, without interest is payable at termination.

### **Death Benefits**

For an active participant who has at least 5 years of credited service, the survivor's benefit is equal to 60% of final average salary, plus 5% for each child up to two children. No death benefit is payable if a death benefit is payable from the General Fund.

For a retired participant, the survivor's benefit is 60% of the monthly benefit plus 5% per dependent child to a maximum of 70% of the participant's monthly benefit.

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

### **The Deferred Retirement Option Plan (DROP)**

Participants with at least 26 years of credited service may elect a 36-month Back-DROP. They will receive a monthly benefit based on service and final average salary as of the date of the Back-DROP and a 36-month lump-sum benefit.

**Unclassified Employees' Pension & Relief System** - A participant may retire at (a) age 62 if they have completed 10 years of credited service. A participant will receive a monthly benefit amount of \$4.00 per year of Past Service (service before December 1, 1975) plus \$20.00 per year of Future Service. The minimum benefit of \$500.00 per month will be paid for active participants retiring after July 1, 1995. A participant may retire early at age 55 with 20 years of service, at least 3 of which are after the effective date of December 1, 1975 and will receive a benefit of the accrued amount, reduced by 4/9 of 1% for each month of age under 62.

### **Disability**

A participant is eligible for disability benefits after 15 years of credited service. The benefit amount is the normal pension amount based on service accrued and is payable immediately.

### **Termination**

To a participant terminating prior to eligibility for a pension from the plan, a lump sum of contributions without interest is payable. Participants terminating after 10 years of credited service who leave their contributions in the Fund have a non-forfeitable right to a monthly pension beginning at age 62. The form and amount of the pension are the same as the Normal pension. Since all active employees have at least 20 years of service now, there is no reduction for partial vesting.

### **Death Benefits**

If a participant dies prior to their attainment of eligibility for vesting or retirement, if not married, a lump sum of contributions without interest is payable to the beneficiary. If an active vested participant or vested inactive participant dies, 50% of the accrued pension benefit, reduced by the Joint and Survivor factor, is payable to the surviving spouse, if any, during their remaining lifetime. The Joint and Survivor factor is 10%, plus  $\frac{1}{2}$  of 1% per year of spouse age more than 10 years younger than the participant. The spouse benefit is deferred to the date the participant would have been age 62. The spouse may elect an immediate return of the participant's own contributions in lieu of the annuity.

### **Optional Benefit Forms**

A participant retiring under the plan may choose, in lieu of an annuity for life, an optional form of benefit including a joint and survivor annuity reduced as described above, a partial

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

lump sum option or a Social Security option. Optional forms will be calculated as the actuarial equivalent of the life annuity form.

#### **4. Contributions**

**Retirement and Relief System** - 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. The employees and City contributions equal 7.0% and 7.0%, respectively, effective July 1, 2015.

**Firemen's and Policemen's Supplemental Pension System** - 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.

**Unclassified Employees' Pension & Relief System** - 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.

#### **5. Membership Data**

As of most recent measurement date of the net pension liability, membership data for the pension plans are as follows:

	<b>Retirement and Relief System</b>	<b>Firemen's and Policeman's Supplemental Pension &amp; Relief System</b>	<b>Unclassified Employee's Pension &amp; Relief System</b>
Measurement date		June 30, 2015	
Retirees and beneficiaries currently receiving benefits	2,924	395	13
Inactive members entitled to benefits but not yet receiving them including 307 future pensioners currently receiving benefits from the Supplemental System	384	8	0
Active members	3,871	1,455	3
Total participants	7,179	1,858	16

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

Each of the plans have stand-alone financial reports. See page 22 for the addresses where the reports can be obtained. They are also available on the City's website at [www.birminghamal.gov](http://www.birminghamal.gov), City Directory, Finance Department.

## **6. Net Pension Liability**

The net pension liability (NPL) is the difference between the "Total Pension Liability" (TPL) and the plan's "fiduciary net position" (FNP). The total pension liability (TPL) is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The (TPL) includes benefits related to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc Cola's are also included in the (TPL) to the extent they are substantively automatic. The (FNP) is determined on the same basis used by the pension plans. The City's net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

<b>Net Pension Liability</b>	<b>Retirement and Relief System</b>	<b>Firemen's and Policeman's Supplemental Pension System</b>	<b>Unclassified Employee's Pension &amp; Relief System</b>
Measurement Date		<b>June 30, 2016</b>	
Total Pension Liability	\$2,022,255,368	\$101,443,350	\$552,090
Fiduciary Net Position	981,796,080	44,229,422	794,966
Net Pension Liability	<b>\$1,040,459,288</b>	<b>\$57,213,928</b>	<b>\$(242,876)</b>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	48.55%	43.60%	143.99%

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2015) and is presented in the Required Supplementary Information section on page 86.

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

## **7. Schedule of Changes in Net Pension Liability**

Changes in the City's net pension liability presented below are calculated on the same basis as each of the plans. The Change in Net Pension Liability for Retirement and Relief System, Firemen's and Policemen's Supplemental, and Unclassified Pension and Relief System pension plans for the Fiscal Year ended June 30, 2016 are as follows:

### **Retirement and Relief System**

<b>Change in Net Pension Liability</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Service Cost	\$43,377,051	-	\$43,377,051
Interest on Total Pension Liability	80,457,568	-	80,457,568
Change in Benefit Terms	(337,185)	-	(337,185)
Difference Between Expected and Actual Experience	19,757,884	-	19,757,884
Employer Contributions	-	16,370,100	(16,370,100)
Employee Contributions	-	13,843,088	(13,843,088)
Pension Plan Net Investment Income	-	4,081,529	(4,081,529)
Assumption Changes	382,927,078	-	382,927,078
Benefit Payments, Including Refunds	(78,753,617)	(78,753,617)	-
Administrative Expense	-	(266,304)	266,304
Net Change	447,428,779	(44,725,204)	492,153,983
Net Pension Liability Beginning	1,574,826,589	1,026,521,284	548,305,305
Net Pension Liability Ending	\$2,022,255,368	981,796,080	\$1,040,459,288

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

The City is allocated a proportional share of 96.74% of the net pension liability of the Retirement and Relief System, with the allocation based on July 1, 2015 valuation pay. This basis intended to measure the proportion of each employer's long-term funding requirements. The City's allocated share of the net pension liability is \$1,006,540,315. The remaining liability of \$33,918,973 is allocated to the Birmingham Airport Authority, a component unit of the City. The following table presents the allocation between the reporting entity and the component unit.

	<b>2016</b>			
	<b>Pay in July 1, 2015 Actuarial Valuation Data</b>	<b>Proportion of Net Pension Liability</b>	<b>Proportionate Share of Net Pension Liability</b>	<b>Proportionate Share of Pension Expense</b>
City of Birmingham(without Airport Authority)	\$190,387,683	96.74%	\$1,006,540,315	\$133,808,891
Airport Authority	6,420,728	3.26%	33,918,973	4,509,169
Total	<u>\$196,808,411</u>	<u>100.0%</u>	<u>\$1,040,459,288</u>	<u>\$138,318,060</u>

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

**Firemen's and Policemen's Supplemental Pension System**

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<b>Change in Net Pension Liability</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Service Cost	\$8,428,083	-	\$8,428,083
Interest on Total Pension Liability	6,601,838	-	6,601,838
Benefit Changes	627,885	-	627,885
Difference Between Expected and Actual Experience	(16,324)	-	(16,324)
Employer Contributions	-	4,364,213	(4,364,213)
Employee Contributions	-	4,348,710	(4,348,710)
Contributions – Fire Tax	-	404,462	(404,462)
Pension Plan Net Investment			
Income	-	(445,516)	445,516
Assumption Changes	(23,025,349)	-	(23,025,349)
Benefit Payments	(15,214,638)	(15,214,638)	-
Administrative Expense	-	(72,692)	72,692
Net Change	(22,598,505)	(6,615,461)	(15,983,044)
Net Pension Liability Beginning	124,041,855	50,844,883	73,196,972
Net Pension Liability Ending	<u>\$101,443,350</u>	<u>44,229,422</u>	<u>\$57,213,928</u>

**Unclassified Employees' Pension & Relief System**

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<b>Change in Net Pension Liability</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Service Cost	\$915	-	\$915
Interest on Total Pension Liability	40,067	-	40,067
Difference Between Expected and Actual Experience	(81,456)	-	(81,456)
Employee Contributions	-	810	(810)
Pension Plan Net Investment			
Income	-	29,269	(29,269)
Assumption Changes	51,012	-	51,012
Benefit Payments	(61,661)	(61,661)	-
Administrative Expense	-	(19,019)	19,019
Net Change	(51,123)	(50,601)	(522)
Net Pension Liability Beginning	603,213	845,567	(242,354)
Net Pension Liability Ending	<u>\$552,090</u>	<u>794,966</u>	<u>(\$242,876)</u>

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

## **8. Discount Rate**

**Retirement and Relief System** -The blended discount rate used to measure the total pension liability is 4.13%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 7.00% of compensation from plan members and 7.00% of compensation from the City. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are excluded, as are projected employee contributions from future plan members. Based on these assumptions, the System's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to the first 23 periods of projected benefit payments and a 2.85% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 2.85% municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2016.

**Firemen's and Policemen's Supplemental Pension System** - The blended discount rate used to measure the total pension liability is 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 5.22% of compensation from plan members and 5.22% of compensation from the City. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are excluded, as are projected employee contributions from future plan members. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Unclassified Employees' Pension & Relief System** - The blended discount rate used to measure the total pension liability is 7.00%. The projection of cash flows used to determine the discount rate assumed no future contributions will be made. Based on this assumption, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the System's investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

**9. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability for each of the City's plans, calculated using the discount rate, as well as what the City's net pension liability would have been if it were calculated using a discount rate that is 1-percent-point lower and 1-percent-point higher than the current rate:

**Sensitivity**

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	<b>1% Decrease 3.13%</b>	<b>Current Discount Rate 4.13%</b>	<b>1% Increase 5.13%</b>
<b>Retirement and Relief System</b>	<b>\$1,289,559,122</b>	<b>\$1,006,540,315</b>	<b>\$774,242,938</b>
	<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
<b>Firemen's and Policemen's Supplemental Pension System</b>	<b>\$62,243,229</b>	<b>\$57,213,928</b>	<b>\$52,506,192</b>
	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
<b>Unclassified Employees' Pension &amp; Relief System</b>	<b>\$(207,736)</b>	<b>\$(242,876)</b>	<b>\$(273,661)</b>

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

**10. Schedule of Deferred Outflows and Inflows of Resources**

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2016 for each plan are as follows:

	<b>Retirement and Relief System</b>	<b>Firemen's and Policemen's Supplemental Pension System</b>	<b>Unclassified Employees' Pension &amp; Relief System</b>
	<b>Deferred Outflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Outflows of Resources</b>
	<b>Deferred Inflow of Resources</b>	<b>Deferred Inflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual	\$23,238,493	-	\$(690,432)
Changes of assumptions	366,501,376	284,193	(20,466,976)
Change in proportionate share	\$(1,420,895)		
Net difference between projected and actual earnings	70,682,790	4,771,235	-
Total	<u>\$460,422,659</u>	<u>\$(1,420,895)</u>	<u>\$5,055,428</u>
		<u>\$(21,157,408)</u>	<u>\$62,092</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2016 will be recognized in pension expense as follows:

<b>Years ended June 30,</b>	<b>Retirement and Relief System</b>	<b>Firemen's and Policemen's Supplemental Pension System</b>	<b>Unclassified Employees' Pension &amp; Relief System</b>
2017	\$99,896,146	\$(1,294,236)	\$18,889
2018	99,896,146	(1,294,236)	18,889
2019	99,896,146	(1,294,236)	18,889
2020	94,671,266	(1,810,645)	5,425
2021	64,642,060	(2,616,147)	-
Thereafter		(7,792,480)	

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

## 11. Assumptions and Other Data

<b>Schedule of Assumptions</b>	<b>Retirement and Relief System</b>	<b>Firemen's and Policemen's Supplemental Pension System</b>	<b>Unclassified Employees' Pension &amp; Relief System</b>
Valuation Date	July 1, 2015	July 1, 2015	July 1, 2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Aggregate Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization Period	30 Years	30 Years	30 Years
Asset Valuation Method	5 Year Smooth	5 Year Smooth	5 Year Smooth
Investment Rate of Return	7.50%	7.50%	7.00%
Inflation	2.50%	2.50%	N/A
Salary increases	2.50%, plus age-related salary scale	2.50%, plus age-related salary scale	2.50%, plus age-related salary scale
Mortality Rates	RP-2014 Blue Collar Healthy Mortality Table RP-2014 Disabled Retiree Mortality Table	RP-2014 Blue Collar Healthy Mortality Table RP-2014 Disabled Retiree Mortality Table	RP-2014 Blue Collar Healthy Mortality Table RP-2014 Disabled Retiree Mortality Table

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an experience study for the period July 1, 2010 to June 30, 2015. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the following tables:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Retirement and Relief System</b>
		<b>Long-term Expected Real Rate of Return</b>
Domestic Equity	42%	6.7%
International developed markets equity	20%	7.4%
Fixed income (core)	20%	1.7%
Fixed income (high yield)	5%	4.9%
Real estate	5%	4.5%
Hedge Funds	5%	3.7%
Short term governmental money market	3%	1.1%
Total	<u>100%</u>	

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

**Firemen's and Policemen's  
 Supplemental Pension  
 System**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic Equity	42%	6.7%
International developed markets equity	20%	7.4%
Fixed income (core)	20%	1.7%
Fixed income (high yield)	5%	4.9%
Hedge Funds	13%	3.7%
Total	<u>100%</u>	

**Unclassified Employees' Pension & Relief System**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Domestic Equity	60%	6.7%
Fixed income	40%	1.7%
Total	<u>100%</u>	

City of Birmingham, Alabama  
 Notes to the Financial Statements  
 June 30, 2016

## **OTHER POSTEMPLOYMENT BENEFIT OBLIGATION**

### **Annual Obligation**

The City's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The actuarial cost method used in this valuation to determine the actuarial accrued liability and the ARC in the entry age normal, level dollar method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. The City has elected to amortize the unfunded actuarial accrued liability over 30 years using a level dollar, closed amortization period. The remaining amortization period at June 30, 2015 was 22 years. The discount rate used for the determination of the expense for fiscal year 2015 is 3.80%. Total employer contributions for fiscal year 2016 were approximately \$5 million net of participants' and pension plans' contributions. The City's annual OPEB cost and net OPEB obligation to the plan for the current year were as follows (in thousands):

Annual required contribution	\$ 18,980
Interest on net OPEB obligation	1,413
ARC adjustment	<u>(2,432)</u>
Annual OPEB Cost	17,961
Contributions Made	<u>(4,876)</u>
Change in Net OPEB	13,085
Net OPEB Obligation, beginning of year	<u>37,197</u>
<b>Net OPEB Obligation, end of year</b>	<b>\$ 50,282</b>

The City's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for fiscal year 2016 and the three preceding years are as follows (in thousands):

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Employer Contributions</b>	<b>Net OPEB Obligation End of Year</b>	<b>Percentage Annual OPEB Contributed</b>
2013	6,238	7,700	24,431	123.44%
2014	14,478	8,400	30,509	58.02%
2015	14,288	7,600	37,197	53.19%
2016	17,961	4,876	50,282	27.15%

### **Funded status**

As of June 30, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits equaled \$161,029,745, resulting in an unfunded actuarial accrued liability (UAAL) of \$161,029,745. The covered payroll (annual payroll of active

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

employees covered by the Plan) equaled \$190,001,968, and the ratio of the UAAL to the covered payroll equaled 84.75%.

### **Actuarial Valuations**

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

In the actuarial valuation dated June 30, 2015, the projected unit credit cost actuarial method was used. Because the City funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) legally held exclusively for paying the post-retirement medical benefits. Based on the market value of assets method of asset valuation, the actuarial assumptions included a 3.80% discount rate, which approximates the expected rate of return on non-pension investments held by the City, including inflation at 2.50%. Actuarial assumptions also included an annual medical cost trend rate of 8.0% initially, reduced to an ultimate rate of 5.0% for costs after twelve years. The UAAL is being amortized as a level percentage of pay over thirty years on an open basis.

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

At June 30, 2015 plan valuation date, membership was as follows:

Current retirees, beneficiaries and dependents receiving medical and prescription drug benefits or life insurance coverage	<b>2,302</b>
Current active members	<b>3,728</b>
<b>Total plan members</b>	<b>6,030</b>

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

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

<b>Year Ending June 30,</b>	<b>Rate (%)</b>	
	<b>Medical</b>	<b>Prescription Drug</b>
2016	8.00%	12.00%
2017	7.75%	11.25%
2018	7.50%	10.50%
2019	7.25%	9.75%
2020	7.00%	9.00%
2021	6.75%	8.25%
2022	6.50%	7.50%
2023	6.25%	6.75%
2024	6.00%	6.00%
2025	5.75%	5.25%
2026	5.50%	5.00%
2027	5.25%	5.00%
2028 & thereafter	5.00%	5.00%

City of Birmingham, Alabama  
Notes to the Financial Statements  
June 30, 2016

## **I. Subsequent Events**

On July 7, 2016, the City issued \$23,990,000 General Obligation Refunding Bonds, Series 2016-A to provide funds for the current refunding of the City's Series 2006-A Bonds, dated December 21, 2006 that were outstanding and that mature in 2017, 2018, 2020, 2023 and 2024. The referenced 2006-A bonds will be redeemed on October 1, 2016, in accordance with their terms.

On August 4, 2016, the City entered into an Equipment Lease/Purchase Agreement in the amount of \$43,930,275. The Agreement requires quarterly payments beginning on August 4, 2018 and continuing until February 4, 2036, subject to annual appropriation. These funds will be used to replace heating, ventilation and air conditioning equipment; roofs; water fixtures and other energy saving measures. The resulting energy cost savings is expected to be sufficient to cover the lease payments.

On August 31, 2016, the City entered into an Equipment Lease/Purchase Agreement in the amount of \$17,487,893. The Agreement requires quarterly payments beginning on August 31, 2018 and continuing until August 31, 2033, subject to annual appropriation. These funds will be used to replace heating, ventilation and air conditioning equipment; roofs; water fixtures and other energy saving measures. The resulting energy cost savings is expected to be sufficient to cover the lease payments.

On September 9, 2016, the City issued \$13,617,500 General Obligation Equipment and Improvement Warrants. Proceeds will be used to purchase Fire, Police, Information Management and Public Works equipment and to make improvements to the City's Botanical Gardens.

On November 10, 2016, the City issued its Series 2016-C and 2016-D Bonds to currently refund a like amount of its Series 2014-C and 2016-D Bonds.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**City of Birmingham, Alabama**  
**Required Supplementary Information**  
**Year ended June 30, 2016**

**Schedule of Changes in the Plan's Net Pension Liability and Related Ratios**

<b>Retirement and Relief System</b>	2016	2015	2014
<b>Total Pension Liability</b>			
Service Cost	\$ 43,377,051	\$ 36,945,277	\$ 35,473,452
Interest	80,457,568	80,340,821	78,078,837
Changes of Benefit Terms	(337,185)	-	-
Differences Between Expected and Actual			
Experience	19,757,884	11,335,035	-
Changes of Assumptions	382,927,078	89,619,076	-
Benefit Payments, Including Refunds of Employee Contributions	(78,753,617)	(76,439,094)	(72,124,342)
<b>Net Change in Total Pension Liability</b>	<b>447,428,779</b>	<b>141,801,115</b>	<b>41,427,947</b>
<b>Total Pension Liability – Beginning</b>	<b>1,574,826,589</b>	<b>1,433,025,474</b>	<b>1,391,597,527</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 2,022,255,368</b>	<b>\$ 1,574,826,589</b>	<b>\$ 1,433,025,474</b>
 <b>Plan fiduciary net position</b>			
Contributions – Employer	\$ 16,370,100	\$ 14,464,552	\$ 14,039,103
Contributions - Employee	13,843,088	12,227,545	11,984,752
Net Investment Income	4,081,529	43,686,697	143,936,432
Benefit Payments, Including Refunds of Employee Contributions	(78,753,617)	(76,439,094)	(72,124,342)
Administrative Expense	(266,304)	(178,807)	(186,812)
Other	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(44,725,204)</b>	<b>(6,239,107)</b>	<b>97,649,133</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>1,026,521,284</b>	<b>1,032,760,391</b>	<b>935,111,258</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>981,796,080</b>	<b>1,026,521,284</b>	<b>1,032,760,391</b>
<b>The Plan's Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 1,040,459,288</b>	<b>\$ 548,305,305</b>	<b>\$ 400,265,083</b>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>			
Covered Employee Payroll	48.55%	65.18%	72.07%
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	197,758,400	188,116,077	184,380,800
	526.13%	291.47%	217.09%

**Schedule of Investment Returns**

Annual money-weighted rate of return,  
net of investment expense

1.38%                  4.68%

Notes to the above schedule:

The only change in benefit provisions since GASB 67 implementation was an increase in the Retirement and Relief contribution rate from 6.50% to 7.00%. The discount rate for GASB reporting purposes decreased from 5.76% as of June 30, 2014 to 5.24% as of June 30, 2015, and to 4.13% as of June 30, 2016. A detailed study of experience for the City's Retirement and Relief System for the five-year period ending June 30, 2015 was performed and the recommendations of the experience study were approved by the Board in May, 2016. Historical information prior to the implementation of GASB 67/68 is not required.

**City of Birmingham, Alabama**  
**Required Supplementary Information**  
**Year ended June 30, 2016**

**Schedule of Changes in the Plan's Net Pension Liability and Related Ratios**

**Firemen's and Policemen's Supplemental Pension System**

	2016	2015	2014
<b>Total Pension Liability</b>			
Service Cost	\$ 8,428,083	\$ 7,944,887	\$ 7,504,493
Interest	6,601,838	6,642,762	6,517,060
Changes of Benefit Terms	627,885	-	-
Differences Between Expected and Actual Experience	(16,324)	(869,040)	-
Changes of Assumptions	(23,025,349)	365,390	-
Benefit Payments, Including Refunds of Employee Contributions	(15,214,638)	(11,943,335)	(11,712,272)
<b>Net Change in Total Pension Liability</b>	<u>(22,598,505)</u>	<u>2,140,664</u>	<u>2,309,281</u>
<b>Total Pension Liability – Beginning</b>	124,041,855	121,901,191	119,591,910
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 101,443,350</u>	<u>\$ 124,041,855</u>	<u>\$ 121,901,191</u>

**Plan fiduciary net position**

Contributions – Employer	\$ 4,364,213	\$ 4,212,776	\$ 4,090,689
Contributions- Employee	4,348,710	4,197,254	4,074,251
Contributions-Fire tax	404,462	362,196	209,691
Transfer from Limited Firemen's Pension	-	-	104,208
Net Investment Income	(445,516)	1,028,214	6,708,660
Benefit Payments, Including Refunds of Employee Contributions	(15,214,638)	(11,943,335)	(11,712,272)
Administrative Expense	(72,692)	(75,251)	(36,850)
Other	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(6,615,461)</u>	<u>(2,218,146)</u>	<u>3,438,377</u>
<b>Plan Fiduciary Net Position – Beginning</b>	50,844,883	53,063,029	49,624,652
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>44,229,422</u>	<u>50,844,883</u>	<u>53,063,029</u>
<b>The Plan's Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 57,213,928</u>	<u>\$ 73,196,972</u>	<u>\$ 68,838,162</u>

**Plan Fiduciary Net Position as a Percentage**

<b>of the Total Pension Liability</b>	43.60%	40.99%	43.53%
Covered Employee Payroll	\$83,308,621	\$80,407,165	\$ 78,050,785
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	68.68%	91.03%	88.20%

**Schedule of Investment Returns**

Annual money-weighted rate of return,  
net of investment expense

.19%                  2.20%

Notes to the above schedule:

The only change in benefit provisions since GASB 67 implementation was an increase in the Retirement and Relief contribution rate from 6.50% to 7.00%, which impacts the transfers from this System to the Retirement and Relief System. The discount rate for GASB reporting purposes 5.73% as of June 30, 2014, 5.67% as of June 30, 2015, and 7.50% as of June 30, 2016. A detailed study of experience for the five-year period ending June 30, 2015 was performed and the recommendations of the experience study were approved by the Board in May, 2016. Historical information prior to the implementation of GASB 67/68 is not required.

**City of Birmingham, Alabama**  
**Required Supplementary Information**  
**Year ended June 30, 2016**

Unclassified Employees' Pension & Relief System	2016	2015	2014
<b>Total Pension Liability</b>			
Service Cost	\$ 915	\$ 928	\$ 937
Interest	40,067	42,283	44,935
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(81,456)	(4,946)	-
Changes of Assumptions	51,012	-	-
Benefit Payments, Including Refunds of Employee Contributions	(61,661)	(78,176)	(89,337)
<b>Net Change in Total Pension Liability</b>	<b>(51,123)</b>	<b>(39,911)</b>	<b>(43,465)</b>
<b>Total Pension Liability – Beginning</b>	<b>603,213</b>	<b>643,124</b>	<b>686,589</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$552,090</b>	<b>603,213</b>	<b>\$ 643,124</b>
<hr/>			
<b>Plan fiduciary net position</b>			
Contributions – Employer	\$ 0	\$ 0	\$ 0
Contributions- Employee	810	810	780
Net Investment Income	29,269	22,803	81,828
Benefit Payments, Including Refunds of Employee Contributions	(61,661)	(78,176)	(89,337)
Administrative Expense	(19,019)	(27,658)	(16,750)
Other	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(50,601)</b>	<b>(82,221)</b>	<b>(23,479)</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>845,567</b>	<b>927,788</b>	<b>951,267</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>794,966</b>	<b>845,567</b>	<b>927,788</b>
<b>The Plan's Net Pension Liability - Ending (a) - (b)</b>	<b>\$ (242,876)</b>	<b>\$ (242,354)</b>	<b>\$ (284,664)</b>
<hr/>			
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>			
Covered Employee Payroll	143.99%	140.18%	144.26%
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	N/A	N/A	N/A
	N/A	N/A	N/A

Notes to the above schedule:

There have been no changes to benefits provisions since the implementation of GASB 67. A detailed study of experience for the City's Retirement and Relief System for the five-year period ending June 30, 2015 was performed and the recommendations of the experience study were approved by the Board in May, 2016. The mortality tables for the Unclassified Plan were adjusted to match the new Retirement and Relief assumptions. Historical information prior to the implementation of GASB 67/68 is not required.

**City of Birmingham, Alabama**  
**Required Supplementary Information**  
**Year ended June 30, 2016**

**Schedule of the Employer's Contributions**

**Retirement and Relief System**

	2016	2015	2014
Actuarially Determined Contributions*	\$29,898,918	\$ 30,398,187	\$ 30,553,712
Contributions in Relation to the Actuarially Determined Contributions	<u>16,370,100</u>	<u>14,464,552</u>	<u>14,039,103</u>
Contribution Deficiency (Excess)	<u>13,528,818</u>	<u>15,933,635</u>	<u>16,514,609</u>
Covered Employee Payroll**	197,758,400	188,116,077	184,380,800
Contributions as a Percentage of Covered Employee Payroll	8.28%	7.69%	7.61%

Notes to Schedule:

\*The actuarially determined contribution is equal to the total calculated contribution in the most recent actuarial valuation, minus the portion expected to be covered by employee contributions.

\*\*Payroll is estimated based on the actual employee contributions received and a 7% contribution rate. The City's contributions as a percentage of covered-employee payroll are greater than 6.5% since they reflect contributions made by the City on behalf of required members in the Firemen's and Policemen's Supplemental Pension Plan, as well as transfers from the Supplemental Plan.

Historical information prior to implementation of GASB 67/68 is not required.

**Schedule of the Employer's Contributions**

**Firemen's and Policemen's Supplemental Pension System**

	2016	2015	2014
Actuarially Determined Contributions*	\$4,960,548	\$ 6,038,436	\$ 5,839,810
Contributions in Relation to the Actuarially Determined Contributions	<u>4,364,213</u>	<u>4,212,776</u>	<u>4,090,689</u>
Contribution Deficiency (Excess)	<u>596,335</u>	<u>1,825,660</u>	<u>1,749,121</u>
Covered Employee Payroll**	83,308,621	80,407,165	78,050,785
Contributions as a Percentage of Covered Employee Payroll	5.24%	5.24%	5.24%

Notes to Schedule:

\*The actuarially determined contribution is equal to the total calculated contribution in the most recent actuarial valuation, minus the portion expected to be covered by employee contributions.

\*\*Payroll is estimated based on the actual employee contributions received and a 5.22% contribution rate.

Historical information prior to implementation of GASB 67/68 is not required.

**City of Birmingham, Alabama**  
**Required Supplementary Information**  
**Year ended June 30, 2016**

**Schedule of the Employer's Contributions**

**Unclassified Employees' Pension & Relief System**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions	\$ 0	\$ 0	\$ 0
Contributions in Relation to the Actuarially Determined Contributions	0	0	0
Contribution Deficiency (Excess)	0	0	0
Covered Employee Payroll	N/A	N/A	N/A
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

Historical information prior to implementation of GASB 67/68 is not required.

**City of Birmingham, Alabama**  
**Required Supplementary Information**  
**Year ended June 30, 2016**

**Schedule of Funding Progress-OPEB**  
**(Amounts Expressed in Thousands)**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)-Entry	Unfunded (Overfunded) AAL (UAAL) (in thousands)	Funded Ratio	Covered Payroll (in thousands)	UAAL as a Percentage of Covered Payroll
		Age (in thousands)	AAL (UAAL) (in thousands)			
7/1/2007	-	\$ 97,801	\$ 97,801	0.00%	\$ 168,940	57.89%
7/1/2008	-	\$ 77,707	\$ 77,707	0.00%	\$ 187,456	41.45%
7/1/2011	-	\$ 64,475	\$ 64,475	0.00%	\$ 178,835	36.05%
7/1/2013	-	\$ 139,320	\$ 139,320*	0.00%	\$ 177,214	78.62%
7/1/2015	-	\$ 161,030	\$ 161,030	0.00%	\$ 190,002	84.75%

\*The actuarially accrued liability of \$161,030,000 includes \$107,560,000 for active members and \$53,470,000 for retirees, beneficiaries, dependents, and terminated vested members. This table presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

## **OTHER SUPPLEMENTARY INFORMATION**

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**City of Birmingham, Alabama**  
**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	Retirement & Relief	Firemen & Policemen Supplemental	Unclassified Pension	Total Pension Trust Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 29,365	\$ 1,774	\$ 795	\$ 31,934
Receivables:				
Member loans	10,701	-	-	10,701
Interest and dividends	2,648	100	-	2,748
Total Receivables:	<u>13,349</u>	<u>100</u>	<u>-</u>	<u>13,449</u>
Investments, at fair value:				
U.S. government obligations	97,482	2,339	-	99,821
Domestic corporate bonds	118,335	7,430	-	125,765
Domestic stocks	639,966	25,486	-	665,452
Alternative Investments	98,992	7,143	-	106,135
Total Investments, at fair value:	<u>954,775</u>	<u>42,398</u>	<u>-</u>	<u>997,173</u>
Total Assets:	<u>997,489</u>	<u>44,272</u>	<u>795</u>	<u>1,042,556</u>
<b>Liabilities</b>				
Accounts payable and other	812	43	-	855
Total Liabilities:	<u>812</u>	<u>43</u>	<u>-</u>	<u>855</u>
<b>Net Position</b>				
Held in trust for future pension benefits	996,677	44,229	795	1,041,701
Total Net Position:	<u>\$ 996,677</u>	<u>\$ 44,229</u>	<u>\$ 795</u>	<u>\$ 1,041,701</u>

**City of Birmingham, Alabama**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

	Retirement & Relief	Firemen & Policemen Supplemental	Unclassified Pension	Total Pension Trust Funds
<b>Additions</b>				
Additions:				
Contributions:				
Employer Contributions	\$ 16,383	\$ 4,364	\$ -	\$ 20,747
Plan member contributions	13,874	4,349	1	18,224
Investment income:				
Investment earnings	3,961	(303)	29	3,687
Securities lending	752	-	-	752
Security litigation	62	2	-	64
Other income	-	405	-	405
Total Additions:	<u>35,032</u>	<u>8,817</u>	<u>30</u>	<u>43,879</u>
Total Additions:	<u>35,032</u>	<u>8,817</u>	<u>30</u>	<u>43,879</u>
<b>Deductions</b>				
Deductions:				
Benefits	77,545	12,737	62	90,344
Refunds of contributions	2,063	1,221	-	3,284
Administrative expenses	349	1,335	19	1,703
Investment Expenses	3,482	257	-	3,739
Total Deductions:	<u>83,439</u>	<u>15,550</u>	<u>81</u>	<u>99,070</u>
Total Deductions:	<u>83,439</u>	<u>15,550</u>	<u>81</u>	<u>99,070</u>
Change in Net Position:				
Net Position - Beginning	(48,407)	(6,733)	(51)	(55,191)
Net Position - Ending:	<u>1,045,084</u>	<u>50,962</u>	<u>846</u>	<u>1,096,892</u>
\$ 996,677	\$ 44,229	\$ 795	\$ 1,041,701	

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

**City of Birmingham, Alabama**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
	Original	Final	Actual Amounts		
<b>Revenues</b>					
Taxes	\$ 272,980	\$ 274,718	\$ 280,308	\$ 5,590	
Licenses and permits	88,374	88,394	85,581	(2,813)	
Intergovernmental	11,924	12,590	13,139	549	
Charges for services	14,556	14,667	15,030	363	
Fines and forfeitures	2,313	2,313	2,318	5	
Investment income	120	120	671	551	
Other operating revenues	9,134	10,936	7,983	(2,953)	
Total Revenues:	<u>399,401</u>	<u>403,738</u>	<u>405,030</u>	<u>1,292</u>	
<b>Expenditures</b>					
Current Expenditures:					
Public safety:					
Police	92,975	92,456	95,910	(3,454)	
Fire	59,419	59,477	62,662	(3,185)	
Planning,Engineering & Permits	13,316	13,271	12,732	539	
Traffic Engineering	10,465	10,364	10,468	(104)	
Municipal Court	5,244	5,582	5,300	282	
Street and sanitation:					
Public Works	46,536	46,825	46,974	(149)	
Cultural & recreational:					
Park & Recreation	13,670	13,663	12,578	1,085	
Library	15,495	15,495	15,022	473	
Arlington Historical Home	695	690	654	36	
Boutwell Auditorium	1,433	1,433	1,253	180	
Museum of Art	3,594	3,606	3,345	261	
Sloss Furnace	929	929	771	158	
Southern Museum of Flight	808	808	763	45	
State Fairgrounds	4,275	4,279	4,370	(91)	
General government:					
Finance	11,888	11,875	11,349	526	
Equipment Management	16,779	14,851	13,949	902	
Information Management Services	13,665	14,140	13,044	1,096	
City Clerk	1,285	1,285	1,018	267	
Community Development	801	801	775	26	
Council Office	3,603	3,595	3,236	359	
Legal	7,123	7,123	6,579	544	
Mayor's Office	9,379	9,521	8,810	711	
Personnel	6,196	6,928	5,950	978	
Nondepartmental	47,860	49,574	48,614	960	
Debt Service:					
Principal	9,779	9,779	9,779	-	
Interest and fees	5,390	5,390	4,778	612	
Capital Outlay:					
Capital outlays	1,200	873	11,782	(10,909)	
Total Expenditures:	<u>403,802</u>	<u>404,613</u>	<u>412,465</u>	<u>(7,852)</u>	
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(4,401)</u>	<u>(875)</u>	<u>(7,435)</u>	<u>(6,560)</u>	
Other financing sources (uses)::					
Proceeds from capital lease	-	-	11,088	11,088	
Transfers in	4,234	4,659	4,659	-	
Transfers out	(7,623)	(11,574)	(11,574)	-	
Total Other financing sources (uses)::	<u>(3,389)</u>	<u>(6,915)</u>	<u>4,173</u>	<u>11,088</u>	
Net Change in Fund Balances:					
Fund Balances - Beginning	(7,790)	(7,790)	(3,262)	4,528	
Fund Balances - Ending:	<u>92,712</u>	<u>84,922</u>	<u>89,450</u>	<u>4,528</u>	

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

**City of Birmingham, Alabama**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and investments	\$ 1,614	\$ 915	\$ 22,458	\$ 24,987
Cash with fiscal agent	601	129	9,741	10,471
Receivables:	282	11	-	293
Total Assets:	<b>\$ 2,497</b>	<b>\$ 1,055</b>	<b>\$ 32,199</b>	<b>\$ 35,751</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts and vouchers payable	1,015	86	981	2,082
Contracts payable	(48)	-	-	(48)
Contracts payable-retainage	663	-	140	803
Unearned revenue	268	-	-	268
Other liabilities	182	-	-	182
Total Liabilities:	<b>2,080</b>	<b>86</b>	<b>1,121</b>	<b>3,287</b>
Fund Balances:				
Spendable:	5,224	969	31,078	37,271
Committed to:	(4,807)	-	-	(4,807)
Total Fund Balances:	<b>417</b>	<b>969</b>	<b>31,078</b>	<b>32,464</b>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<b>\$ 2,497</b>	<b>\$ 1,055</b>	<b>\$ 32,199</b>	<b>\$ 35,751</b>

**City of Birmingham, Alabama**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

Special Revenue Funds											
	Neighborhood Allocation	Grants Fund	Highway Improvement Fund	Fuel Tax Fund	Storm Water Fees	Technology	Correction Fund	Fair Trial Tax Fund			
<b>Assets</b>											
Cash and investments	\$ 8,780	\$ (14,558)	\$ 152	\$ 2,015	\$ 1,112	\$ 69	\$ 704	\$ (31)			
Cash with fiscal agent	-	-	-	-	-	-	-	-			
Receivables:											
Accrued interest	-	-	-	-	-	-	-	-			
Accrued taxes	-	-	253	114	10	-	-	-			
Accounts (net of uncollectibles)	7	10	-	-	-	-	-	-			
Loans	87	-	-	-	-	-	-	-			
Due from other governments	-	-	-	-	-	-	-	-			
Total Assets:	<b>\$ 8,874</b>	<b>\$ (14,548)</b>	<b>\$ 405</b>	<b>\$ 2,129</b>	<b>\$ 1,122</b>	<b>\$ 69</b>	<b>\$ 704</b>	<b>\$ (31)</b>			
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>											
Liabilities:											
Accounts and vouchers payable	35	742	-	-	77	-	-	-			
Contracts payable	-	(48)	-	-	-	-	-	-			
Contracts payable-retainage	-	655	8	-	-	-	-	-			
Unearned revenue	268	-	-	-	-	-	-	-			
Other liabilities	(41)	223	-	-	-	-	-	-			
Total Liabilities:	<b>262</b>	<b>1,572</b>	<b>8</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>-</b>			
Fund Balances:											
Spendable:											
Restricted:											
Debt Service	-	-	-	-	-	-	-	-			
Capital Projects	-	-	397	2,129	1,045	-	-	-			
Other	-	-	-	-	-	-	-	-			(31)
Assigned:											
Debt Service	-	-	-	-	-	-	-	-			
Committed to:											
Neighborhood Improvements	8,612	-	-	-	-	-	-	-			
Community Development	-	-	-	-	-	-	-	-			
Other Purposes	-	(16,120)	-	-	-	-	69	704	-		
Total Fund Balances:	<b>8,612</b>	<b>(16,120)</b>	<b>397</b>	<b>2,129</b>	<b>1,045</b>	<b>69</b>	<b>704</b>	<b>(31)</b>			
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<b>\$ 8,874</b>	<b>\$ (14,548)</b>	<b>\$ 405</b>	<b>\$ 2,129</b>	<b>\$ 1,122</b>	<b>\$ 69</b>	<b>\$ 704</b>	<b>\$ (31)</b>			

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

**City of Birmingham, Alabama**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

Special Revenue Funds											
	Municipal Court Judicial Admin	PACE Board	Municipal Court Clerk Fund	HUD Block Grant Fund	Home Fund	Special Lodging Tax Revenue	Land Bank Authority	Total			
<b>Assets</b>											
Cash and investments	\$ 621	\$ -	\$ 208	\$ (979)	\$ 223	\$ 3,037	\$ 261	\$			1,614
Cash with fiscal agent	-	601	-	-	-	-	-				601
Receivables:											
Accrued interest	-	-	-	-	-	-	-				-
Accrued taxes	-	-	-	-	-	-	-				377
Accounts (net of uncollectibles)	-	-	-	-	-	-	-				17
Loans	-	-	-	-	-	-	-				87
Due from other governments	-	-	-	(113)	(86)	-	-				(199)
Total Assets:	<u>\$ 621</u>	<u>\$ 601</u>	<u>\$ 208</u>	<u>\$ (1,092)</u>	<u>\$ 137</u>	<u>\$ 3,037</u>	<u>\$ 261</u>	<u>\$</u>	<u></u>	<u></u>	<u>2,497</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>											
Liabilities:											
Accounts and vouchers payable	3	-	4	154	-	-	-				1,015
Contracts payable	-	-	-	-	-	-	-				(48)
Contracts payable-retainage	-	-	-	-	-	-	-				663
Unearned revenue	-	-	-	-	-	-	-				268
Other liabilities	-	-	-	-	-	-	-				182
Total Liabilities:	<u>3</u>	<u>-</u>	<u>4</u>	<u>154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u></u>	<u></u>	<u></u>	<u>2,080</u>
Fund Balances:											
Spendable:											
Restricted:											
Debt Service	-	-	-	-	-	-	-				-
Capital Projects	-	601	-	-	-	-	-				4,433
Other	618	-	204	-	-	-	-				791
Assigned:											
Debt Service	-	-	-	-	-	-	-				-
Committed to:											
Neighborhood Improvements	-	-	-	-	-	-	-				8,612
Community Development	-	-	-	(1,246)	137	-	-				(1,109)
Other Purposes	-	-	-	-	-	3,037	-				(12,310)
Total Fund Balances:	<u>618</u>	<u>601</u>	<u>204</u>	<u>(1,246)</u>	<u>137</u>	<u>3,037</u>	<u>261</u>	<u>\$</u>	<u></u>	<u></u>	<u>417</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 621</u>	<u>\$ 601</u>	<u>\$ 208</u>	<u>\$ (1,092)</u>	<u>\$ 137</u>	<u>\$ 3,037</u>	<u>\$ 261</u>	<u>\$</u>	<u></u>	<u></u>	<u>2,497</u>

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

**City of Birmingham, Alabama**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	Debt Service Funds					Capital Projects Funds				
	Debt Service	Tax Increment Financing	Alabama Trust Fund	Total	Public Improvement	1993 Bonds	1995 Bonds	1997 Bonds		
<b>Assets</b>										
Cash and investments	\$ -	\$ 701	\$ 214	\$ 915	\$ 107	\$ 67	\$ 10	\$ 457		
Cash with fiscal agent	-	129	-	129	-	-	-	-		
Receivables:										
Accrued interest	-	-	-	-	-	-	-	-		
Accrued taxes	-	-	-	-	-	-	-	-		
Accounts (net of uncollectibles)	-	11	-	11	-	-	-	-		
Loans	-	-	-	-	-	-	-	-		
Due from other governments	-	-	-	-	-	-	-	-		
<b>Total Assets:</b>	<b>\$ -</b>	<b>\$ 841</b>	<b>\$ 214</b>	<b>\$ 1,055</b>	<b>\$ 107</b>	<b>\$ 67</b>	<b>\$ 10</b>	<b>\$ 457</b>		
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>										
Liabilities:										
Accounts and vouchers payable	4	82	-	86	-	-	-	-		
Contracts payable	-	-	-	-	-	-	-	-		
Contracts payable-retainage	-	-	-	-	-	-	-	-		
Unearned revenue	-	-	-	-	-	-	-	-		
Other liabilities	-	-	-	-	-	-	-	-		
<b>Total Liabilities:</b>	<b>4</b>	<b>82</b>	<b>-</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Fund Balances:										
Spendable:										
Restricted:										
Debt Service	3,750	759	214	4,723	-	-	-	-		
Capital Projects	-	-	-	-	107	67	10	457		
Other	-	-	-	-	-	-	-	-		
Assigned:										
Debt Service	(3,754)	-	-	(3,754)	-	-	-	-		
Committed to:										
Neighborhood Improvements	-	-	-	-	-	-	-	-		
Community Development	-	-	-	-	-	-	-	-		
Other Purposes	-	-	-	-	-	-	-	-		
<b>Total Fund Balances:</b>	<b>(4)</b>	<b>759</b>	<b>214</b>	<b>969</b>	<b>107</b>	<b>67</b>	<b>10</b>	<b>457</b>		
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	<b>\$ -</b>	<b>\$ 841</b>	<b>\$ 214</b>	<b>\$ 1,055</b>	<b>\$ 107</b>	<b>\$ 67</b>	<b>\$ 10</b>	<b>\$ 457</b>		

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

**City of Birmingham, Alabama**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	Capital Projects Funds											
	1998-A Warrants	1998-B Warrants	1999-B Bonds	2000-A Warrants	2001-A School Warrants	2002 Bonds	2006-C G.O. Warrants	2007-B G.O. Warrants				
<b>Assets</b>												
Cash and investments	\$ 13	\$ 39	\$ 28	\$ 7	\$ 92	\$ 744	\$ 41	\$ 955				
Cash with fiscal agent	-	-	-	-	-	-	-	-				
Receivables:												
Accrued interest	-	-	-	-	-	-	-	-				
Accrued taxes	-	-	-	-	-	-	-	-				
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-				
Loans	-	-	-	-	-	-	-	-				
Due from other governments	-	-	-	-	-	-	-	-				
Total Assets:	<u>\$ 13</u>	<u>\$ 39</u>	<u>\$ 28</u>	<u>\$ 7</u>	<u>\$ 92</u>	<u>\$ 744</u>	<u>\$ 41</u>	<u>\$ 955</u>				
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>												
Liabilities:												
Accounts and vouchers payable	-	-	-	-	-	-	2	-				
Contracts payable	-	-	-	-	-	-	-	-				
Contracts payable-retainage	-	-	-	-	-	-	-	-				50
Unearned revenue	-	-	-	-	-	-	-	-				
Other liabilities	-	-	-	-	-	-	-	-				
Total Liabilities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>50</u>			
Fund Balances:												
Spendable:												
Restricted:												
Debt Service	-	-	-	-	-	-	-	-				
Capital Projects	13	39	28	7	92	742	41	905				
Other	-	-	-	-	-	-	-	-				
Assigned:												
Debt Service	-	-	-	-	-	-	-	-				
Committed to:												
Neighborhood Improvements	-	-	-	-	-	-	-	-				
Community Development	-	-	-	-	-	-	-	-				
Other Purposes	-	-	-	-	-	-	-	-				
Total Fund Balances:	<u>13</u>	<u>39</u>	<u>28</u>	<u>7</u>	<u>92</u>	<u>742</u>	<u>41</u>	<u>905</u>				
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 13</u>	<u>\$ 39</u>	<u>\$ 28</u>	<u>\$ 7</u>	<u>\$ 92</u>	<u>\$ 744</u>	<u>\$ 41</u>	<u>\$ 955</u>				

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

**City of Birmingham, Alabama**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

Capital Projects Funds												
	2007-A G. O. Bonds	2009-A Warrants	2010-Recovery Zone Econ Dev Warr	2013-B Bonds	2014 PNC2 Warrants	Historical Preservation Fund	2015-B Bonds	2016 A Refunding Bonds				
<b>Assets</b>												
Cash and investments	\$ 8,352	\$ 52	\$ 6,937	\$ 300	\$ 356	\$ (7)	\$ 4,022	\$ (114)				
Cash with fiscal agent	-	-	-	-	-	9,741	-	-				
Receivables:												
Accrued interest	-	-	-	-	-	-	-	-				
Accrued taxes	-	-	-	-	-	-	-	-				
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-				
Loans	-	-	-	-	-	-	-	-				
Due from other governments	-	-	-	-	-	-	-	-				
Total Assets:	<u>\$ 8,352</u>	<u>\$ 52</u>	<u>\$ 6,937</u>	<u>\$ 300</u>	<u>\$ 356</u>	<u>\$ 9,734</u>	<u>\$ 4,022</u>	<u>\$ (114)</u>				
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>												
Liabilities:												
Accounts and vouchers payable	5	-	8	-	-	-	-	966				
Contracts payable	-	-	-	-	-	-	-	-				
Contracts payable-retainage	43	-	47	-	-	-	-	-				
Unearned revenue	-	-	-	-	-	-	-	-				
Other liabilities	-	-	-	-	-	-	-	-				
Total Liabilities:	<u>48</u>	<u>-</u>	<u>55</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>966</u>	<u>-</u>			
Fund Balances:												
Spendable:												
Restricted:												
Debt Service	-	-	-	-	-	-	-	-				
Capital Projects	8,304	52	6,882	300	356	9,734	3,056	(114)				
Other	-	-	-	-	-	-	-	-				
Assigned:												
Debt Service	-	-	-	-	-	-	-	-				
Committed to:												
Neighborhood Improvements	-	-	-	-	-	-	-	-				
Community Development	-	-	-	-	-	-	-	-				
Other Purposes	-	-	-	-	-	-	-	-				
Total Fund Balances:	<u>8,304</u>	<u>52</u>	<u>6,882</u>	<u>300</u>	<u>356</u>	<u>9,734</u>	<u>3,056</u>	<u>(114)</u>				
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 8,352</u>	<u>\$ 52</u>	<u>\$ 6,937</u>	<u>\$ 300</u>	<u>\$ 356</u>	<u>\$ 9,734</u>	<u>\$ 4,022</u>	<u>\$ (114)</u>				

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

**City of Birmingham, Alabama**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**  
**(amounts expressed in thousands)**

	<b>Capital Projects Funds</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Total</b>		
<b>Assets</b>			
Cash and investments	\$ 22,458	\$ 24,987	
Cash with fiscal agent	9,741	10,471	
Receivables:			
Accrued interest	-	-	
Accrued taxes	-	377	
Accounts (net of uncollectibles)	-	28	
Loans	-	87	
Due from other governments	-	(199)	
<b>Total Assets:</b>	<b>\$ 32,199</b>	<b>\$ 35,751</b>	
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
Liabilities:			
Accounts and vouchers payable	981	2,082	
Contracts payable	-	(48)	
Contracts payable-retainage	140	803	
Unearned revenue	-	268	
Other liabilities	-	182	
<b>Total Liabilities:</b>	<b>1,121</b>	<b>3,287</b>	
Fund Balances:			
Spendable:			
Restricted:			
Debt Service	(114)	4,609	
Capital Projects	31,192	35,625	
Other	-	791	
Assigned:			
Debt Service	-	(3,754)	
Committed to:			
Neighborhood Improvements	-	8,612	
Community Development	-	(1,109)	
Other Purposes	-	(12,310)	
<b>Total Fund Balances:</b>	<b>31,078</b>	<b>32,464</b>	
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>	<b>\$ 32,199</b>	<b>\$ 35,751</b>	

**City of Birmingham, Alabama**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ 4,231	\$ 1,690	\$ -	\$ 5,921
Intergovernmental	23,378	1,848	-	25,226
Charges for services	165	-	-	165
Fines and forfeitures	1,468	-	-	1,468
Investment income	59	11	98	168
Other operating revenues	2,793	-	138	2,931
Total Revenues:	<u>32,094</u>	<u>3,549</u>	<u>236</u>	<u>35,879</u>
<b>Expenditures</b>				
Current Expenditures:				
Public safety:	4,403	-	528	4,931
Street and sanitation:	12	-	1,902	1,914
Cultural & recreational:	218	-	30	248
General government:	11,903	1,133	2,059	15,095
Debt Service:				
Principal	4,571	22,305	10,171	37,047
Interest and fees	2,369	9,996	183	12,548
Capital Outlay:				
Capital outlays	22,109	1,216	5,278	28,603
Total Expenditures:	<u>45,585</u>	<u>34,650</u>	<u>20,151</u>	<u>100,386</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<u>(13,491)</u>	<u>(31,101)</u>	<u>(19,915)</u>	<u>(64,507)</u>
Other financing sources (uses)::				
Issuance of debt	432	-	17,490	17,922
(Premium)/Discount on debt issuance	-	-	(85)	(85)
Transfers in	4,510	25,298	10,171	39,979
Transfers out	(3,224)	-	(12,557)	(15,781)
Total Other financing sources (uses)::	<u>1,718</u>	<u>25,298</u>	<u>15,019</u>	<u>42,035</u>
Net Change in Fund Balances:				
Fund Balances - Beginning	(11,773)	(5,803)	(4,896)	(22,472)
Fund Balances - Ending:	<u>12,188</u>	<u>6,776</u>	<u>35,973</u>	<u>54,937</u>
	<u>\$ 415</u>	<u>\$ 973</u>	<u>\$ 31,077</u>	<u>\$ 32,465</u>

**City of Birmingham, Alabama**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**  
(amounts expressed in thousands)

Special Revenue Funds											
	Neighborhood Allocation	Grants Fund	Highway Improvement Fund	Fuel Tax Fund	Storm Water Fees	Technology	Correction Fund	Fair Trial Tax Fund	Municipal Court Judicial Admin	PAGE Board	
<b>Revenues</b>											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8	15,056	2,825	1,307	836	-	-	-	-	-	-
Charges for services	103	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	31	-	-	-	34	878	269	202	-	-
Investment income	45	-	-	-	-	-	6	-	-	-	-
Other operating revenues	553	260	-	-	-	-	-	-	-	839	-
Total Revenues:	709	15,347	2,825	1,307	836	34	884	269	202	839	-
<b>Expenditures</b>											
Current Expenditures:											
Public safety:											
Police	450	423	-	-	-	-	33	-	-	-	-
Fire	6	-	-	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	-	242	-	-	874	-	-	-	-	-	-
Traffic Engineering	-	7	-	-	-	-	-	-	-	-	-
Municipal Court	-	516	-	-	-	26	1,483	300	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
Street and sanitation:											
Public Works	12	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-
Cultural & recreational:											
Park & Recreation	98	5	-	-	-	-	-	-	-	-	-
State Fairgrounds	-	115	-	-	-	-	-	-	-	-	-
General government:											
Finance	-	1,226	-	-	-	-	-	-	-	-	-
Community Development	704	3,765	-	-	-	-	-	-	-	-	-
Mayor's Office	-	8	-	-	-	-	-	-	-	-	-
Nondepartmental	449	-	-	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	102	-	-
Debt Service:											
Principal	-	-	2,256	670	-	-	-	-	-	1,645	-
Interest and fees	-	-	319	55	-	-	-	-	-	1,994	-
Capital Outlay:											
Capital outlays	48	19,462	74	-	-	-	26	-	-	1,334	-
Total Expenditures:	1,767	25,769	2,649	725	874	26	1,542	300	102	4,973	-
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(1,058)	(10,422)	176	582	(38)	8	(658)	(31)	100	(4,134)	-
Other financing sources (uses)::											
Issuance of debt	-	-	-	-	-	-	-	-	-	432	-
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-	-	-	-
Transfers in	1,193	-	-	-	-	-	-	-	-	3,067	-
Transfers out	(157)	-	-	-	-	-	-	-	-	-	-
Total Other financing sources (uses)::	1,036	-	-	-	-	-	-	-	-	3,499	-
Net Change in Fund Balances:	(22)	(10,422)	176	582	(38)	8	(658)	(31)	100	(635)	-
Fund Balances - Beginning	8,635	(5,699)	220	1,548	1,083	61	1,363	1	519	1,237	-
Fund Balances - Ending:	\$ 8,613	\$ (16,121)	\$ 396	\$ 2,130	\$ 1,045	\$ 69	\$ 705	\$ (30)	\$ 619	\$ 602	-

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

**City of Birmingham, Alabama**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

	Special Revenue Funds						Debt Service Funds				
	Municipal Court Clerk Fund	HUD Block Grant Fund	Home Fund	Special Lodging Tax Revenue	Land Bank Authority	Total	Debt Service	Tax Increment Financing	Alabama Trust Fund	Total	
	\$ -	\$ -	\$ -	\$ 4,231	\$ -	\$ 4,231	\$ -	\$ 1,690	\$ -	\$ 1,690	
<b>Revenues</b>											
Taxes	\$ -	\$ -	\$ -	\$ 4,231	\$ -	\$ 4,231	\$ -	\$ 1,690	\$ -	\$ 1,690	
Intergovernmental	-	2,828	518	-	-	23,378	-	-	1,848	1,848	
Charges for services	-	-	-	-	62	165	-	-	-	-	
Fines and forfeitures	54	-	-	-	-	1,468	-	-	-	-	
Investment income	-	-	-	8	-	59	6	5	-	11	
Other operating revenues	-	923	218	-	-	2,793	-	-	-	-	
<b>Total Revenues:</b>	<b>54</b>	<b>3,751</b>	<b>736</b>	<b>4,239</b>	<b>62</b>	<b>32,094</b>	<b>6</b>	<b>1,695</b>	<b>1,848</b>	<b>3,549</b>	
<b>Expenditures</b>											
Current Expenditures:											
Public safety:											
Police	-	-	-	-	-	906	-	-	-	-	
Fire	-	-	-	-	-	6	-	-	-	-	
Planning, Engineering & Permits	-	-	-	-	-	1,116	-	-	-	-	
Traffic Engineering	-	-	-	-	-	7	-	-	-	-	
Municipal Court	43	-	-	-	-	2,368	-	-	-	-	
Nondepartmental	-	-	-	-	-	-	-	-	-	-	
Street and sanitation:											
Public Works	-	-	-	-	-	12	-	-	-	-	
Nondepartmental	-	-	-	-	-	-	-	-	-	-	
Cultural & recreational:											
Park & Recreation	-	-	-	-	-	103	-	-	-	-	
State Fairgrounds	-	-	-	-	-	115	-	-	-	-	
General government:											
Finance	-	-	-	-	-	1,226	-	-	-	-	
Community Development	-	4,999	600	-	-	10,068	-	-	-	-	
Mayor's Office	-	-	-	-	-	8	-	-	-	-	
Nondepartmental	-	-	-	-	50	499	18	1,115	-	1,133	
Municipal Court	-	-	-	-	-	102	-	-	-	-	
Debt Service:											
Principal	-	-	-	-	-	4,571	20,065	1,070	1,170	22,305	
Interest and fees	-	-	-	1	-	2,369	8,976	491	529	9,996	
Capital Outlay:											
Capital outlays	37	-	-	1,128	-	22,109	-	1,216	-	1,216	
Total Expenditures:	80	4,999	600	1,129	50	45,585	29,059	3,892	1,699	34,650	
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(26)	(1,248)	136	3,110	12	(13,491)	(29,053)	(2,197)	149	(31,101)	
Other financing sources (uses)::											
Issuance of debt	-	-	-	-	-	432	-	-	-	-	
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-	-	-	
Transfers in	-	-	-	-	250	4,510	25,298	-	-	25,298	
Transfers out	-	-	-	(3,067)	-	(3,224)	-	-	-	-	
Total Other financing sources (uses)::	-	-	-	(3,067)	250	1,718	25,298	-	-	25,298	
Net Change in Fund Balances:	(26)	(1,248)	136	43	262	(11,773)	(3,755)	(2,197)	149	(5,803)	
Fund Balances - Beginning	230	(1)	(2)	2,993	-	12,188	3,750	2,960	66	6,776	
Fund Balances - Ending:	\$ 204	\$ (1,249)	\$ 134	\$ 3,036	\$ 262	\$ 415	\$ (5)	\$ 763	\$ 215	\$ 973	

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

**City of Birmingham, Alabama**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**  
(balances expressed in thousands)

Capital Projects Funds										
	Public Improvement	1993 Bonds	1995 Bonds	1997 Bonds	1998-A Warrants	1998-B Warrants	1999-B Bonds	2000-A Warrants	2001-A School Warrants	2002 Bonds
<b>Revenues</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Investment income	18	-	-	2	-	-	-	-	-	5
Other operating revenues	138	-	-	-	-	-	-	-	-	-
<b>Total Revenues:</b>	<b>156</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>
<b>Expenditures</b>										
Current Expenditures:										
Public safety:										
Police	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
Planning, Engineering & Permits	-	-	-	-	-	-	-	-	-	-
Traffic Engineering	-	-	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	17	-	-	-	-	-	-
Street and sanitation:										
Public Works	-	23	-	-	-	-	-	-	-	24
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Cultural & recreational:										
Park & Recreation	-	-	-	-	-	-	-	-	-	2
State Fairgrounds	-	-	-	-	-	-	-	-	-	-
General government:										
Finance	-	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-	-
Mayor's Office	-	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-
Capital Outlay:										
Capital outlays	-	-	8	-	1	24	11	28	-	290
Total Expenditures:	-	23	25	-	1	24	11	28	-	316
Excess (Deficiency) of Revenues Over (Under) Expenditures:	<b>156</b>	<b>(23)</b>	<b>(25)</b>	<b>2</b>	<b>(1)</b>	<b>(24)</b>	<b>(11)</b>	<b>(28)</b>	<b>-</b>	<b>(311)</b>
Other financing sources (uses):										
Issuance of debt	-	-	-	-	-	-	-	-	-	-
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(1,116)	-	-	-	-	-	-	-	-	-
Total Other financing sources (uses):	<b>(1,116)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances:	(960)	(23)	(25)	2	(1)	(24)	(11)	(28)	-	(311)
Fund Balances - Beginning	1,066	90	35	456	14	64	40	36	92	1,054
Fund Balances - Ending:	<b>\$ 106</b>	<b>\$ 67</b>	<b>\$ 10</b>	<b>\$ 458</b>	<b>\$ 13</b>	<b>\$ 40</b>	<b>\$ 29</b>	<b>\$ 8</b>	<b>\$ 92</b>	<b>\$ 743</b>

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

**City of Birmingham, Alabama**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**  
(amounts expressed in thousands)

	Capital Projects Funds										Historical Preservation Fund	2015A G.O.Bond Anticipation Note		
	2004-A Warrants	2006-C G.O. Warrants	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants	2010-Recovery		2013-B Bonds	2014 PNC2 Warrants					
						Zone Econ Dev Warr	2013-B Bonds							
<b>Revenues</b>														
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Intergovernmental	-	-	-	-	-	-	-	-	-	-	-	-		
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-		
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-		
Investment income	-	1	4	47	-	15	1	2	3	-	-	-		
Other operating revenues	-	-	-	-	-	-	-	-	-	-	-	-		
<b>Total Revenues:</b>	<b>-</b>	<b>1</b>	<b>4</b>	<b>47</b>	<b>-</b>	<b>15</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Expenditures</b>														
Current Expenditures:														
Public safety:														
Police	-	-	-	-	-	-	-	-	-	-	-	-		
Fire	-	-	-	-	-	-	-	-	-	-	-	-		
Planning,Engineering & Permits	-	-	2	509	-	-	-	-	-	-	-	-		
Traffic Engineering	-	-	-	-	-	-	-	-	-	-	-	-		
Municipal Court	-	-	-	-	-	-	-	-	-	-	-	-		
Nondepartmental	-	-	-	-	-	-	-	-	-	-	-	-		
Street and sanitation:														
Public Works	-	-	-	-	-	-	-	-	-	-	-	-		
Nondepartmental	-	-	-	-	-	-	-	109	-	-	-	-		
Cultural & recreational:														
Park & Recreation	-	-	-	-	-	-	28	-	-	-	-	-		
State Fairgrounds	-	-	-	-	-	-	-	-	-	-	-	-		
General government:														
Finance	-	-	-	-	-	-	-	-	-	-	-	-		
Community Development	-	-	-	150	-	-	-	-	-	-	-	-		
Mayor's Office	-	-	-	-	-	-	-	-	-	26	-	-		
Nondepartmental	-	212	-	1,584	2	43	-	42	-	-	-	-		
Municipal Court	-	-	-	-	-	-	-	-	-	-	-	-		
Debt Service:														
Principal	-	-	-	-	-	-	-	-	-	9,775	396	-		
Interest and fees	-	-	-	-	-	-	-	-	-	10	-	-		
Capital Outlay:														
Capital outlays	1	143	195	1,345	93	1,254	44	606	131	-	-	-		
Total Expenditures:	1	355	197	3,588	95	1,325	153	648	9,942	396	-	-		
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(1)	(354)	(193)	(3,541)	(95)	(1,310)	(152)	(646)	(9,939)	(396)	-	-		
Other financing sources (uses):														
Issuance of debt	-	-	-	-	-	-	-	-	-	2,060	-	-		
(Premium)/Discount on debt issuance	-	-	-	-	-	-	-	-	-	-	-	-		
Transfers in	-	-	-	-	-	-	-	-	9,775	-	-	-		
Transfers out	-	-	-	-	-	-	-	-	-	(1,665)	-	-		
Total Other financing sources (uses)::	-	-	-	-	-	-	-	-	9,775	395	-	-		
Net Change in Fund Balances:	(1)	(354)	(193)	(3,541)	(95)	(1,310)	(152)	(646)	(164)	(1)	-	-		
Fund Balances - Beginning	1	396	1,097	11,847	147	8,191	452	1,001	9,894	-	-	-		
Fund Balances - Ending:	\$ -	\$ 42	\$ 904	\$ 8,306	\$ 52	\$ 6,881	\$ 300	\$ 355	\$ 9,730	\$ (1)	-	-		

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

**City of Birmingham, Alabama**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2016**  
**(amounts expressed in thousands)**

	Capital Projects Funds			Total Nonmajor Governmental Funds
	2015-B Bonds	2016 A Refunding Bonds	Total	
	\$	\$	\$	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ 5,921
Intergovernmental	-	-	-	25,226
Charges for services	-	-	-	165
Fines and forfeitures	-	-	-	1,468
Investment income	-	-	98	168
Other operating revenues	-	-	138	2,931
<b>Total Revenues:</b>	<b>-</b>	<b>-</b>	<b>236</b>	<b>35,879</b>
<b>Expenditures</b>				
Current Expenditures:				
Public safety:				
Police	-	-	-	906
Fire	-	-	-	6
Planning, Engineering & Permits	-	-	511	1,627
Traffic Engineering	-	-	-	7
Municipal Court	-	-	-	2,368
Nondepartmental	-	-	17	17
Street and sanitation:				
Public Works	-	-	47	59
Nondepartmental	1,746	-	1,855	1,855
Cultural & recreational:				
Park & Recreation	-	-	30	133
State Fairgrounds	-	-	-	115
General government:				
Finance	-	-	-	1,226
Community Development	-	-	150	10,218
Mayor's Office	-	-	26	34
Nondepartmental	-	-	1,883	3,515
Municipal Court	-	-	-	102
Debt Service:				
Principal	-	-	10,171	37,047
Interest and fees	59	114	183	12,548
Capital Outlay:				
Capital outlays	1,104	-	5,278	28,603
Total Expenditures:	2,909	114	20,151	100,386
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(2,909)	(114)	(19,915)	(64,507)
Other financing sources (uses):				
Issuance of debt	15,430	-	17,490	17,922
(Premium)/Discount on debt issuance	(85)	-	(85)	(85)
Transfers in	396	-	10,171	39,979
Transfers out	(9,776)	-	(12,557)	(15,781)
Total Other financing sources (uses):	5,965	-	15,019	42,035
Net Change in Fund Balances:	3,056	(114)	(4,896)	(22,472)
Fund Balances - Beginning	-	-	35,973	54,937
Fund Balances - Ending:	\$ 3,056	\$ (114)	\$ 31,077	\$ 32,465

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

# Statistical Section

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This portion of the City of Birmingham's comprehensive annual financial 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 ten fiscal years.

## Revenue Capacity

These schedules present information on the collection of the City's most significant local revenue source.

## Debt Capacity

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

## Demographic and Economic Information

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

## Operating Information

These schedules present data regarding the City's services and infrastructure. Many measures of operating activity are presented in the City's operating budget. Please refer to the City's website at [www.birminghamal.gov](http://www.birminghamal.gov) for additional information.

## Debt/Funding Schedules

These schedules provide details relative to the City's obligations.



**City of Birmingham, Alabama**  
**Net Position by Component**  
**Last Nine Fiscal Years**  
(in thousands)

Table A-1

	2008	2009	2010	2011	2012	2013*	2014	2015	2016
<b>Governmental activities:</b>									
Net investment in capital assets	\$74,322	\$65,727	\$72,325	\$90,213	\$133,210	\$104,846	\$210,160	\$149,863	\$180,892
Restricted	277,817	264,602	157,454	146,478	134,295	189,391	139,831	96,624	146,910
Unrestricted	(78,863)	(88,588)	(51,384)	(62,151)	(85,574)	(93,426)	(127,030)	(489,185)	(675,439)
Total governmental activities net position	<u>\$273,276</u>	<u>\$241,741</u>	<u>\$178,395</u>	<u>\$174,540</u>	<u>\$181,931</u>	<u>\$200,811</u>	<u>\$222,961</u>	<u>(\$242,698)</u>	<u>(\$347,637)</u>
<b>Business-type activities:</b>									
Net investment in capital assets	901	1,022	855	919	919	722	4,167	919	919
Unrestricted	(464)	(1,167)	(1,522)	61	2,032	3,861	1,476	6,156	7,208
Total business-type activities net position	<u>437</u>	<u>(145)</u>	<u>(667)</u>	<u>980</u>	<u>2,951</u>	<u>4,583</u>	<u>5,643</u>	<u>7,075</u>	<u>8,127</u>
<b>Primary Government:</b>									
Net investment in capital assets	75,223	66,749	73,180	91,132	134,129	105,568	210,160	150,782	181,811
Restricted	277,817	264,602	157,454	146,478	134,295	189,391	139,831	96,624	146,910
Unrestricted	(79,327)	(89,755)	(52,906)	(62,090)	(83,542)	(89,565)	(127,030)	(483,029)	(668,231)
Total primary government net position	<u>\$ 273,713</u>	<u>\$ 241,596</u>	<u>\$ 177,728</u>	<u>\$ 175,520</u>	<u>\$ 184,882</u>	<u>\$ 205,394</u>	<u>\$ 222,961</u>	<u>\$ (235,623)</u>	<u>\$ (339,510)</u>

\* - prior to restatement

Source: City Finance Department Data

**City of Birmingham, Alabama**  
**Changes in Net Position**  
**Last Nine Fiscal Years**  
(in thousands)

Table A-2

**Fiscal Year Ended June 30**

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses:</b>									
<b>Governmental activities:</b>									
General government	\$ 88,799	\$ 121,554	\$ 163,581	\$ 114,375	\$ 126,871	\$ 127,856	\$ 122,310	232,450	252,118
Public safety	163,149	169,083	210,132	202,706	194,761	195,022	200,169	196,529	218,603
Streets & sanitation	93,821	121,848	59,822	54,553	56,109	53,055	78,093	61,527	65,638
Culture & recreation	43,895	36,132	41,907	40,024	42,705	42,927	40,667	40,987	42,080
Interest on long-term debt	27,643	25,381	21,473	19,861	17,381	14,933	17,896	39,195	19,441
Total governmental activities expenses	417,307	473,998	496,915	431,519	437,827	433,793	459,135	570,688	597,880
<b>Business-type activities:</b>									
E-911 Services	3,935	4,044	4,937	4,754	4,641	4,564	5,220	5,581	6,561
<b>Total primary government expenses</b>	<b>\$421,242</b>	<b>\$478,042</b>	<b>\$501,852</b>	<b>\$436,273</b>	<b>\$442,468</b>	<b>\$438,357</b>	<b>\$464,355</b>	<b>\$576,269</b>	<b>\$604,441</b>
<b>Program Revenues:</b>									
<b>Governmental activities:</b>									
<b>Charges for services</b>									
General government:									
Business licenses & permits	85,721	91,493	82,726	90,139	97,443	97,495	94,336	180,661	103,430
Non-business licenses & permits	5,342	4,506	3,747	0	0	0	0	0	0
Public safety	14,739	17,502	21,488	17,778	17,011	15,893	16,884	20,253	20,624
Streets & sanitation	1,450	1,577	595	966	1,196	449	2,675	243	(77)
Culture & recreation	1,275	1,341	1,327	1,171	1,506	2,073	1,762	2,055	1,864
Operating grants and contributions	19,830	15,094	18,898	24,276	25,118	19,540	24,390	57,923	15,382
Capital grants and contributions	0	0	0	0	0	0	0	7,797	0
<b>Total governmental activities program revenue</b>	<b>128,357</b>	<b>131,513</b>	<b>128,781</b>	<b>134,330</b>	<b>142,274</b>	<b>135,450</b>	<b>140,047</b>	<b>268,932</b>	<b>141,223</b>
<b>Business-type activities:</b>									
E-911 Services	3,308	3,447	4,517	6,392	6,608	6,196	6,272	7,003	7,595
<b>Total primary government program revenues</b>	<b>\$131,665</b>	<b>\$134,960</b>	<b>\$133,298</b>	<b>\$140,722</b>	<b>\$148,882</b>	<b>\$141,646</b>	<b>\$146,319</b>	<b>275,935</b>	<b>148,818</b>

**City of Birmingham, Alabama**  
**Changes in Net Position**  
**Last Nine Fiscal Years**  
**(in thousands)**

Table A-2

	<b>Fiscal Year Ended June 30</b>								
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Net (Expense)/Revenue</b>									
Governmental activities	(\$288,950)	(\$342,485)	\$368,134	\$297,186	\$295,553	\$298,343	\$319,088	(\$301,755)	(\$456,655)
Business-type activities	(627)	(597)	420	(1,638)	1,967	1,632	1,052	1,422	1,033
	<u>(\$289,577)</u>	<u>(\$343,082)</u>	<u>\$368,554</u>	<u>\$295,548</u>	<u>\$293,583</u>	<u>\$296,711</u>	<u>\$320,140</u>	<u>(\$300,333)</u>	<u>(\$455,622)</u>
<b>General Revenues and Other Changes in Net Position:</b>									
Governmental activities:									
Taxes:									
Sales and use taxes	\$129,732	\$131,904	\$127,197	\$131,162	\$134,829	\$140,832	\$145,394	\$151,919	\$160,897
Occupational taxes	76,918	76,325	73,008	74,909	77,703	77,844	78,654	81,013	84,722
Property taxes	62,698	61,663	56,699	51,369	55,656	50,367	55,842	54,808	58,570
Unrestricted grants and contributions	19,975	26,060	23,730	22,548	19,500	25,467	22,561	24,663	24,125
Investment earnings	10,684	(4,201)	8,233	13,560	5,067	8,362	11,977	5,988	1,958
Other	8,116	8,407	7,145	(217)	10,188	14,351	5,909	(3,218)	20,153
Total governmental activities	<u>308,123</u>	<u>300,158</u>	<u>296,012</u>	<u>293,331</u>	<u>302,943</u>	<u>317,223</u>	<u>320,337</u>	<u>315,173</u>	<u>350,425</u>
Business-type activities:									
Investment earnings	68	15	1	11	4	-	7	10	18
	-	-	-	-	-	-	-	-	1
Total primary government	<u>\$308,191</u>	<u>\$300,173</u>	<u>\$296,013</u>	<u>\$293,342</u>	<u>\$302,943</u>	<u>\$317,223</u>	<u>\$320,337</u>	<u>\$315,183</u>	<u>\$350,444</u>
<b>Change (decrease) in Net Position:</b>									
Governmental activities	\$19,173	(\$42,327)	(\$72,122)	(\$3,855)	\$7,393	\$18,880	\$1,249	\$13,418	(\$106,249)
Business-type activities	(559)	(582)	(419)	1,649	1,971	1,632	1,052	1,432	1,052
Total primary government	<u>\$18,614</u>	<u>(\$42,909)</u>	<u>(\$72,541)</u>	<u>(\$2,206)</u>	<u>\$9,364</u>	<u>\$20,512</u>	<u>\$2,301</u>	<u>\$14,850</u>	<u>(\$105,197)</u>

Source: City Finance Department Data

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

Table A-3  
 Page 1 of 2

**Fiscal Year Ended June 30**

	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>General Fund</b>			
Reserved	\$11,417	\$280	\$253
Unreserved	106,065	94,501	92,027
<b>Total general fund</b>	<b>\$117,482</b>	<b>\$94,781</b>	<b>\$92,280</b>
 <b>Other Governmental Funds:</b>			
<b>Reserved, reported in:</b>			
Special revenue funds	\$113,754	\$96,755	\$77,026
Debt service funds	44,216	40,175	50,947
Capital projects funds	160,696	138,479	94,500
<b>Total other governmental funds</b>	<b>318,666</b>	<b>275,409</b>	<b>222,473</b>
 <b>Unreserved, reported in:</b>			
Special revenue funds	(2,484)	(1,847)	(1,866)
Debt service funds		(3,666)	(5,805)
Capital projects funds	(2,484)	(5,513)	(7,671)
 <b>Total other governmental funds</b>	<b>\$433,664</b>	<b>\$364,677</b>	<b>\$307,082</b>

Source: City Finance Department Data

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

**Fiscal Year Ended June 30**

**Table A-3**  
**Page 2 of 2**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>General Fund</b>						
<b>Nonspendable:</b>						
Prepaid	\$280	\$344	\$344	\$428	\$482	\$344
Inventory	-	1573	1,573	1,377	1,221	1,573
<b>Spendable:</b>						
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	<b>98,935</b>	<b>90,197</b>	<b>91,581</b>	<b>77,769</b>	<b>91,008</b>	<b>87,533</b>
<b>Total General Fund</b>	<b>99,215</b>	<b>92,114</b>	<b>93,498</b>	<b>79,574</b>	<b>92,711</b>	<b>89,450</b>
<b>Other Governmental Funds:</b>						
Restricted	117,183	109,846	162,524	127,232	108,179	162,255
Committed	\$1,338	\$95,668	\$97,836	106,565	99,328	95,306
Assigned	104,963	(14)	382	1,585	0	(3,754)
Unassigned	(4,627)	788	709	(3,984)	0	(12,310)
<b>Total other governmental funds</b>	<b>218,857</b>	<b>206,288</b>	<b>261,451</b>	<b>231,398</b>	<b>207,507</b>	<b>241,497</b>
<b>Total Fund Balance</b>	<b>\$318,072</b>	<b>\$298,402</b>	<b>\$354,949</b>	<b>\$310,972</b>	<b>\$300,218</b>	<b>\$330,947</b>

**Change in fund balance Designation due to GASB Statement 54**

**Source: City Finance Department**

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

Table A-4

**Fiscal Year Ended June 30**

	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES:</b>									
Taxes	\$ 269,348	\$ 276,738	\$ 265,398	\$ 267,324	\$ 280,062	\$ 280,515	\$ 291,827	\$ 300,414	\$ 317,612
Licenses and permits	91,063	87,525	78,556	79,984	87,671	86,709	87,010	91,101	85,581
Intergovernmental	39,805	41,327	44,298	45,954	45,729	44,820	40,116	41,549	38,365
Charges for services	12,927	14,069	13,943	13,856	12,826	12,586	12,214	15,995	15,195
Fines and forfeitures	4,537	7,944	6,770	5,483	4,964	4,803	4,110	3,915	3,786
Investment income	10,684	(4,199)	8,235	13,560	5,066	8,361	11,975	5,989	1,940
Other operating revenues	8,157	7,622	9,168	20,959	10,888	15,297	10,677	8,616	11,509
<b>TOTAL REVENUES</b>	<b>436,521</b>	<b>431,026</b>	<b>426,368</b>	<b>447,120</b>	<b>447,206</b>	<b>453,091</b>	<b>457,929</b>	<b>467,579</b>	<b>473,988</b>
<b>EXPENDITURES:</b>									
Current:									
Public safety	155,120	177,188	194,348	181,158	178,555	172,499	181,650	180,913	192,002
Street and sanitation	66,788	52,414	57,871	49,886	48,340	46,436	53,497	43,911	50,265
Cultural and recreational	42,480	34,990	37,699	34,797	33,856	36,369	36,215	36,913	39,004
General government	82,681	118,030	141,660	123,338	125,548	123,411	123,874	128,002	137,251
Other	139	-	-	-	-	-	-	-	-
<b>Total current operations</b>	<b>347,208</b>	<b>382,622</b>	<b>431,578</b>	<b>389,179</b>	<b>386,299</b>	<b>378,715</b>	<b>395,236</b>	<b>389,739</b>	<b>418,522</b>
Debt service:									
Principal	27,424	25,935	42,050	33,193	38,306	38,648	38,324	36,424	48,716
Interest	25,418	24,204	24,302	22,701	23,130	22,431	20,230	38,382	17,981
<b>Total debt service</b>	<b>52,842</b>	<b>50,139</b>	<b>66,352</b>	<b>55,894</b>	<b>61,436</b>	<b>61,079</b>	<b>58,554</b>	<b>74,806</b>	<b>66,697</b>
Capital outlays	31,749	93,751	10,983	37,854	19,172	31,808	50,751	38,286	55,866
Warrant/Bond issue costs	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>431,799</b>	<b>526,513</b>	<b>508,913</b>	<b>482,927</b>	<b>466,907</b>	<b>471,600</b>	<b>504,539</b>	<b>502,831</b>	<b>541,085</b>
Excess (deficiency) of revenues over (under) expenditures	4,722	(95,487)	(82,545)	(35,807)	(19,701)	(18,509)	(46,610)	(35,252)	(67,097)
Other financing sources (uses):									
Proceeds from sale of property	278	-	-	-	-	-	-	-	-
Proceeds of issuance of debt	-	-	21,000	110,476	-	70,061	31,350	124,763	81,620
Issuance of refunding bonds	-	-	19,960	-	8,400	-	-	-	-
Refunded bonds redeemed	-	-	(19,967)	-	-	-	-	-	-
Capital lease	-	26,500	-	-	-	1,074	-	-	11,088
Premiums/(discounts)on warrants/bonds	-	-	316	3,834	(164)	5,877	1,728	16,886	5,123
Payment to escrow agent	-	-	-	(67,511)	(8,205)	(1,955)	(25,966)	(113,750)	-
Transfers in	69,971	63,250	59,742	40,169	43,988	44,295	46,559	48,441	57,286
Transfers out	(69,971)	(63,250)	(59,742)	(40,169)	(43,988)	(44,295)	(46,559)	(48,441)	(57,286)
Transfers out - internal service fund	-	-	-	-	-	-	(8,771)	(3,400)	-
Net other financing sources	278	26,500	21,309	46,799	31	75,057	(1,659)	24,499	97,831
<b>Net change in fund balances</b>	<b>\$6,000</b>	<b>(\$68,987)</b>	<b>(\$61,236)</b>	<b>\$10,992</b>	<b>(\$19,670)</b>	<b>\$56,548</b>	<b>(\$48,269)</b>	<b>(\$10,753)</b>	<b>\$30,734</b>
Debt service as a percentage of noncapital expenditures	13.2%	11.6%	13.3%	12.6%	13.7%	13.9%	12.9%	16.1%	13.7%

Source: City Finance Department Data

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

Table B-1

	<b>2007</b>	<b>2008 *</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Sales and Use Tax Revenue</b>	<b>\$109,665</b>	<b>\$129,732</b>	<b>\$131,904</b>	<b>\$127,197</b>	<b>\$131,162</b>	<b>\$134,869</b>	<b>\$140,832</b>	<b>\$145,394</b>	<b>\$151,919</b>	<b>\$160,897</b>
<b>Percentage Change from Prior Year</b>	<b>0.53%</b>	<b>18.30%</b>	<b>1.67%</b>	<b>-3.57%</b>	<b>3.12%</b>	<b>2.83%</b>	<b>4.50%</b>	<b>3.24%</b>	<b>4.49%</b>	<b>5.91%</b>
<b>Breakdown of Sales/Use Tax By Industry Type:</b>										
Apparel	6,298	6,402	6,190	6,685	7,432	7,724	8,016	8,276	8,941	8,705
Automotive, RV's, Motor Homes	9,951	10,787	9,845	10,312	12,328	12,297	12,891	13,307	11,596	14,014
Building & Construction Related	11,836	11,423	14,551	12,667	13,821	14,730	15,401	15,900	17,443	16,862
Communications	1,886	2,182	2,677	2,155	1,946	2,047	2,130	2,199	1,836	2,639
Equipment & Machinery	10,680	10,758	10,884	9,855	10,404	11,148	11,650	12,027	16,507	13,419
Food and Restaurants	18,661	15,853	23,804	22,041	24,974	24,333	25,389	26,212	26,554	27,658
Furniture and Furnishings	2,804	2,852	3,447	3,329	4,241	4,351	4,550	4,698	4,614	4,586
Insurance, Finance, Real Estate	528	2,071	2,751	2,516	2,302	1,760	1,840	1,900	684	2,365
Medical	1,647	1,958	3,556	3,448	4,995	5,179	5,410	5,585	4,190	4,746
Personal Services, Entertainment	7,615	7,588	6,623	6,495	6,750	6,519	6,800	7,020	2,786	8,576
All Other Industries	37,759	57,858	47,576	47,694	41,969	44,781	46,755	48,270	56,768	57,327
	<b>109,665</b>	<b>129,732</b>	<b>131,904</b>	<b>127,197</b>	<b>131,162</b>	<b>134,869</b>	<b>140,832</b>	<b>145,394</b>	<b>151,919</b>	<b>160,897</b>

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

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

Table B-2

<b>Fiscal Year Ended June 30</b>												
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>		
<b>Breakdown of Tax Revenues:</b>												
Sales and Use Tax	\$ 109,665	\$ 129,732	\$ 131,904	\$ 127,197	\$ 131,162	\$ 134,869	\$ 140,832	\$ 145,394	\$ 151,919	\$ 160,897		
Occupational Tax	75,269	76,918	76,325	73,008	74,909	77,703	77,844	78,654	81,013	84,722		
Property Tax	54,920	62,698	61,663	56,699	51,369	55,656	56,388	55,842	54,808	58,570		
Business Licenses	60,002	85,721	83,019	74,809	75,793	83,245	82,866	82,105	85,732	79,963		
Permits	5,347	5,342	4,506	3,747	4,191	4,426	3,843	4,905	5,369	5,618		
	<b>\$ 305,203</b>	<b>\$ 360,411</b>	<b>\$ 357,417</b>	<b>\$ 335,460</b>	<b>\$ 337,424</b>	<b>\$ 355,899</b>	<b>\$ 361,773</b>	<b>\$ 366,900</b>	<b>\$ 378,841</b>	<b>\$ 389,770</b>		
% of Sales & Use to Total Taxes	35.93%	36.00%	36.90%	37.92%	38.87%	37.90%	38.93%	39.63%	40.10%	41.28%		

Note: Prior to 2010, the portion of ad valorem tax revenues due to be paid, by statute, to the Jefferson County Board of Health ("Board of Health") and the Birmingham-Jefferson County Transit Authority (the "Transit Authority") were included in the total amount of property taxes collected as revenue on the City's financial statements and were also deducted as an expense. Prior to and after 2010, the amounts owing to the Board of Health and the Transit Authority were and continue to be remitted directly to Transit Authority and Board of Health by the City's tax collector. As a result of a change in accounting procedures, the City no longer treats the portion of the ad valorem tax revenues due the Transit Authority and the Board of Health as an item of revenue and expense on the City's financial statements. Accounting for the amounts due the Transit Authority on the City's financial statements ceased beginning in 2010 and accounting for the amounts due the Board of Health ceased in 2011. The ad valorem tax revenue due the Transit Authority after the accounting procedure change and not included in the "Property (ad valorem) tax" calculation above was \$3,483,527.49, \$3,947,279.83, \$3,144,824.23, \$4,009,941, \$2,891,796, \$3,659,782 and \$3,632,112 in 2010, 2011, 2012, 2013, 2014, 2015 and 2016, respectively. The ad valorem tax revenue due the Board of Health after the accounting procedure change and not included in the "Property (ad valorem) tax" calculation above was \$1,534,510.60, \$1,159,722.18, \$1,172,297, \$1,164,355, \$1,208,827 and \$1,222,015 in 2011, 2012, 2013, 2014, 2015 and 2016, respectively.

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

Table C-1

Fiscal Year	General Obligation Bonds	General Obligation Warrants	TIF Revenue Warrants	Capital Leases	PACE Board Revenue Bonds	Total	Aggregate Income	Percentage of Personal Income	Per Capita
2007	353,750,000	237,885,000	11,210,000	1,690,000		604,535,000	3,803,289,660	15.90%	\$2,490
2008	337,120,000	229,445,000	7,365,000	1,266,000		575,196,000	3,803,289,660	15.12%	\$2,369
2009	318,045,000	219,805,000	7,365,000	27,331,000		572,546,000	3,803,289,660	15.05%	\$2,358
2010	298,070,000	138,615,000	21,000,000	20,950,000		478,635,000	3,803,289,660	12.58%	\$1,971
2011	277,260,000	192,185,000	20,810,000	51,779		490,306,779	3,927,870,159	12.48%	\$2,310
2012	256,170,000	175,555,000	20,410,000	0	64,000,000	516,135,000	3,927,870,159	11.51%	\$2,432
2013	302,005,535	161,215,000	19,615,000	971,093	62,920,000	546,726,628	3,927,870,159	12.32%	\$2,576
2014	284,470,535	150,510,000	18,475,000	762,158	61,530,000	515,747,693	3,927,870,159	13.13%	\$2,430
2015	270,071,000	136,205,000	17,025,000	549,361	59,940,000	483,790,361	3,927,870,159	12.32%	\$2,279
2016	319,133,651	122,560,000	15,955,000	11,149,931	58,726,666	527,525,248	3,927,870,159	13.43%	\$2,486

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

**Source: City Finance Department data**

Personal income computed from 2000 and 2010 census population and per capita income data (see table D-1).

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

Table C-2

Fiscal year	Census Year	Population Number	Assessed Value*	Gross Bonded Debt**	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Net Bonded Debt Per Capita
2007	2000	242,820	2,631,971,182	604,535,000	44,153,000	558,692,000	21.23%	\$ 2,301
2008	2000	242,820	2,810,565,632	575,196,000	43,205,000	531,991,000	18.62%	\$ 2,191
2009	2000	242,820	2,937,624,552	572,546,000	40,175,000	532,371,000	16.94%	\$ 2,192
2010	2000	242,820	2,880,265,253	478,635,000	36,317,088	442,317,912	13.90%	\$ 1,822
2011	2010	212,237	2,826,110,356	490,306,779	32,191,620	458,115,159	16.21%	\$ 2,159
2012	2010	212,237	2,755,748,375	516,135,000	29,668,690	486,466,310	17.65%	\$ 2,292
2013	2010	212,237	2,689,227,218	546,726,628	23,538,147	523,188,481	19.45%	\$ 2,465
2014	2010	212,237	2,804,674,640	515,747,693	22,694,460	493,053,233	17.58%	\$ 2,323
2015	2010	212,237	2,868,624,760	483,790,361	21,387,760	462,402,601	16.12%	\$ 2,179
2016	2010	212,237	2,893,627,248	527,525,248	23,965,021	503,560,227	17.40%	\$ 2,373

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

\*\*Includes Bonds, Warrants, Revenue Warrants, Capitalized Leases and PACE Board Revenue Bonds

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

Table C-3

Tax Year Ending 30-Sep	Class 1 Property of Utilities		Class 2 All Unclassified Real and Personal Property		Class 3 Agriculture, Forest, Residential, Historic Property		Class 4 Motor Vehicles		Total 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	Assessed Value	Estimated Value			
2006	221,316,191	737,720,637	1,715,444,558	8,577,222,790	409,710,653	4,097,106,530	285,499,780	1,903,331,867	2,631,971,182	15,315,381,824	17.19%
2007	218,646,340	728,821,134	1,866,230,738	9,331,153,690	440,451,774	4,404,517,740	285,236,780	1,901,578,534	2,810,565,632	16,366,071,098	17.17%
2008	209,898,240	699,660,800	1,984,448,984	9,922,244,920	462,407,628	4,624,076,280	280,869,700	1,872,464,667	2,937,624,552	17,118,446,667	17.16%
2009	215,101,040	717,003,467	1,972,102,351	9,860,511,755	448,535,382	4,485,353,820	244,526,480	1,630,176,534	2,880,265,253	16,693,045,576	17.25%
2010	212,316,380	707,721,267	1,944,617,951	9,723,089,755	433,674,085	4,336,740,850	235,501,940	1,570,012,934	2,826,110,356	16,337,564,806	17.30%
2011	212,799,421	709,331,403	1,870,926,188	9,354,630,940	439,146,266	4,391,462,660	232,876,500	1,552,510,000	2,755,748,375	16,007,935,003	17.22%
2012	208,111,380	693,704,600	1,835,441,332	9,177,206,660	391,699,466	3,916,994,660	253,975,040	1,693,166,933	2,689,227,218	15,481,072,853	17.37%
2013	212,321,060	707,736,867	1,916,117,160	9,580,585,800	412,100,240	4,121,002,400	264,136,180	1,760,907,867	2,804,674,640	16,170,232,933	17.34%
2014	211,745,640	705,818,800	1,981,580,900	9,907,904,500	401,172,700	4,011,727,000	274,125,520	1,827,503,467	2,868,624,760	16,452,953,767	17.44%
2015	210,128,500	700,428,333	2,018,534,660	10,092,673,300	385,217,620	3,852,176,200	279,746,468	1,864,976,453	2,893,627,248	16,510,254,287	17.53%

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

The assessed values are provided by:

For Class I, II and III Property in Birmingham in Jefferson County, Alabama: Tax Assessor of Jefferson County

For Class I, II and III Property in Birmingham in Shelby County, Alabama: Property Tax Commissioner of Shelby County

For Class IV Property in Birmingham in Jefferson County, Alabama: Jefferson County Department of Revenue

For Class IV Property in Birmingham in Shelby County, Alabama: Judge of Probate of Shelby County

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

[2] Class I Property consists of all property of utilities used in the business of such utilities and is assessed at the rates of thirty percent (30%) of the fair and reasonable market value thereof.

[3] Class II Property consists of all real and personal property not otherwise classified in another class (generally commercial property) and is assessed at the ratio of twenty percent (20%) of the fair and reasonable market value thereof. Class II amounts do not include the amounts or values of any abatements, industrial exemptions, other exemptions or penalties with respect to such property.

[4] Class III Property consists of all agricultural, forest, single-family owner-occupied residential property, and historic buildings and sites, and is assessed, upon application by the owner, at the ratio of ten percent of the current use value (not fair and reasonable market values of such property). The amounts shown above as assessed values of Class III property are net of, and do not include, the amount of any homestead exemptions with respect to such property.

[5] Class IV Property consists of motor vehicles owned and operated by individuals for personal or private use, and not for hire, rent or compensation, and is assessed at the ratio of fifteen percent percent of the fair and reasonable market value thereof.

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

**Table C-4**

<b><u>Direct Debt</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
City of Birmingham:					
Gross bonded debt and warrants outstanding*	\$ 516,135	\$ 546,727	\$ 515,748	\$ 483,790	\$ 527,525
Direct Debt	516,135	546,727	515,748	483,790	527,525
 <b><u>Overlapping Debt</u></b>					
Jefferson County, Alabama overlapping debt <sup>1</sup>	1,014,595	982,080	1,000,645	917,390	822,480
Jefferson County Board of Education <sup>2</sup>	85,930	78,990	67,900	80,717	69,723
Total bonds and warrants outstanding	1,100,525	1,061,070	1,068,545	998,107	892,203
% of debt applicable to City of Birmingham	30.9%	30.4%	30.0%	31.9%	32.0%
City of Birmingham Debt Burden	340,062	322,565	320,564	318,396	285,505
 Shelby County, Alabama <sup>3</sup>	-	-	-	31,725	56,055
Shelby County, Alabama Board of Education <sup>4</sup>	144,080	181,530	176,173	170,590	201,285
% of debt applicable to City of Birmingham	144,080	181,530	176,173	202,315	257,340
City of Birmingham Debt Burden	1.8%	1.8%	2.0%	1.9%	2.0%
Total Overlapping Debt	2,593	3,268	3,523	3,844	5,147
 Total Direct and Overlapping Debt	342,656	325,833	324,087	322,240	290,652
 \$ 858,791	<u>\$ 872,560</u>	<u>\$ 839,835</u>	<u>\$ 806,030</u>	<u>\$ 818,177</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.

<sup>1</sup> Source: Jefferson County Director of Finance.

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

Source: Jefferson County Board of Education

<sup>3</sup> Source: Shelby County Finance Manager

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

Source: Shelby County Board of Education

\*Includes Bonds, Warrants, Revenue Warrants, Capitalized Leases and PACE Board Revenue Bonds

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

Table C-5

(Per \$100 of Assessed Value)

City of Birmingham						Jefferson County				
Fiscal Year	General Fund	Debt Service Fund	Board of Education Fund	Library	Total	County	County Schools	Total	State of Alabama	Total Tax
2007	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2008	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2009	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2010	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2011	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2012	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2013	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2014	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2015	\$0.90	\$1.20	\$1.98	\$0.05	\$4.13	\$1.35	\$0.82	\$2.17	\$0.65	\$6.95
2016	\$0.90	\$1.20	\$2.28	\$0.05	\$4.43	\$1.35	\$0.82	\$2.17	\$0.65	\$7.25

Source: Jefferson County Tax Assessor

City of Birmingham						Shelby County				
Fiscal Year	General Fund	Debt Service Fund	Board of Education Fund	Library	Total	County	County Schools	Total	State of Alabama	Total Tax
2007	\$0.90	\$1.20	\$2.07	\$0.05	\$4.22	\$0.75	\$1.60	\$2.35	\$0.65	\$7.22
2008	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2009	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2010	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2011	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2012	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2013	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2014	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2015	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62
2016	\$0.90	\$1.20	\$1.47	\$0.05	\$3.62	\$0.75	\$1.60	\$2.35	\$0.65	\$6.62

Source: Shelby County Tax Assessor

**City of Birmingham****Estimated Legal Debt Margin****As of June 30, 2016****Table C-6**

Net Assessed Value of Real and Personal Property(1)	\$ 2,893,627,248
Debt Limit (20% of Assessed Value, see note below)	578,725,450
Outstanding General Obligation Bonds, Warrants and a Lease(2)	\$ 450,473,366
Less Exemption for School and Sewer Debt(3)	(58,018,200)
Less Debt Service Fund Balance(4)	<u>(23,965,021)</u>
	<u>368,490,145</u>
Legal Debt Margin	\$ 210,235,305

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

(2) Includes the aggregate principal amount of general obligation bonds, general obligation warrants, Economic Development Incentive Obligations (\$1,043,300), Birmingham Zoo Obligations (\$12,000,000), and a lease (\$332,631), all as of June 30, 2016. Does not include any other obligation of the City and does not reflect principal payments made on any obligations after June 30, 2016. Does not include the obligations of the city incurred pursuant to Amendment No. 772 to the Constitution of Alabama, as amended.

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

(4) Market Value as of June 30, 2016

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 is debt issued for schools and sewers (General Constitutional Debt Limitation).

#### Special Constitutional Debt Limitation for Economic Development Obligations

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

**City of Birmingham**  
**Estimated Legal Debt Margin**  
**As of June 30, 2016**

**Table C-6**

benefit of any individual, firm, corporation or other entity, public or private, for the purpose of promoting the economic and industrial development of such political subdivision.

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

The issuance of bonds, warrants, notes and other evidences of indebtedness pursuant to Amendment No. 772 is not subject to the City's twenty percent constitutional debt limit. Pursuant to, and in accordance with, Amendment No. 772, in recent years the City has delivered agreements with various entities for economic development purposes as provided in Amendment No. 772, whereby the City agrees to rebate, over a stated period of years, to the other parties to such agreements, certain percentages of the proceeds of various City taxes received by the City from the construction and operation by such other parties of the facilities described in such agreements. The obligations of the City under such agreements (the "Amendment No. 772 Obligations") (i) are not general obligations of the City and (ii) are limited obligations of the City payable solely from the tax proceeds specified in such agreements, and produced solely from the facilities and projects described in such agreements, when and if such tax proceeds are actually received by the City, except a Funding Agreement with the Commercial Development Authority of the City of Birmingham, which is a general obligation and a Funding Agreement with the Public Athletic, Cultural and Entertainment Board of the City of Birmingham, which is a general obligation. The economic development office of the City, based on certain assumptions which it believes to be reasonable, has projected the total tax revenues to be received by the City from each of the facilities for which such a tax rebate agreement is in effect, will exceed the amount of the City tax proceeds to be rebated pursuant to such agreement.

The City has obligations outstanding under Amendment No. 772 in the aggregate amount of approximately \$231,628,527. These obligations are limited obligations of the City payable generally as rebates of taxes received by the City from the private entity, except for funding agreements to cover bonds issued by the Commercial Development Authority of the City of Birmingham (currently outstanding in the principal amount of \$67,410,000) and the Public Athletic and Entertainment Board of the City of Birmingham (currently outstanding in the principal amount of \$58,295,000), both, of which, are general obligations of the City and the City's General Obligation Bonds: Series 2013-B, 2015-TMC and 2015-B, outstanding in the total amount of \$20,551,216. The City treats the obligations thereof under Amendment No. 772 (i) as exempt from the general constitutional debt limitation and (ii) as subject to the special constitutional debt limit under Amendment No. 772.

**City of Birmingham, Alabama  
Property Taxes Levied and Collected for  
The City of Birmingham\*  
Last Ten Tax Years**

**Table C-7**

<b>City of Birmingham</b>			
<b>Beginning October 1</b>	<b>Total Taxes</b>		<b>Total Taxes</b>
	<b>Levied</b>	<b>Collected</b>	
2006	66,224,605	64,416,414	97.27%
2007	71,268,264	69,999,820	98.22%
2008	74,939,011	71,593,360	95.54%
2009	74,462,772	71,390,609	95.87%
2010	72,971,185	68,536,652	93.92%
2011	71,571,040	67,909,751	94.88%
2012	68,753,822	66,151,831	96.22%
2013	68,870,877	67,688,169	98.28%
2014	70,644,107	68,384,610	96.80%
2015	73,690,748	70,472,058	95.63%

\*Jefferson County real property only

Sources: Jefferson County Tax Assessor and Tax Collector

**City of Birmingham, Alabama**  
**Principal Property Taxpayers (Jefferson County Only)**  
**Current Fiscal Year and Ten Years Prior**

Table C-8

Assessed Entity	Fiscal Year Ended June 30, 2016			Fiscal Year Ended June 30, 2006		
	Total Assessed Value of Property Within City Limits	Rank	% of Total Assessed Valuation	Total Assessed Value of Property Within City Limits	Rank	% of Total Assessed Valuation
Alabama Power Company	\$186,550,500	1	6.45%	\$111,623,680	1	4.35%
Affinity Hospital LLC	\$37,169,280	2	1.28%			
Bellsouth Telecommunications	\$33,979,580	3	1.17%	\$56,948,760	2	2.22%
American Cast Iron Pipe	33,676,100	4	1.16%	30,910,439	4	1.20%
Oxmoor Center LLC	32,992,660	5	1.14%			
BBVA Compass Bank	22,774,240	6	0.79%			
GSA Birmingham Realty	22,458,580	7	0.78%			
SL Regions LLC	17,702,560	8	0.61%			
Alabama Gas Corp.	17,425,480	9	0.60%	17,195,120	7	0.67%
DRA/CLP Colonnade	15,126,660	10	0.52%			
HealthSouth Corporation				54,098,675	3	2.11%
Murray-Ash Plaza, Inc.				18,916,420	5	0.74%
Chase Bank of Texas				17,883,260	6	0.70%
Tish Roberts Preston				16,729,760	8	0.65%
AT&T Communications				16,039,640	9	0.62%
AP-Knight LP				10,739,780	10	0.42%
	<b><u>\$419,855,640</u></b>		<b><u>14.51%</u></b>	<b><u>\$351,085,534</u></b>		<b><u>13.67%</u></b>

Source: Jefferson County Tax Collector

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

Table D-1

Year	Population	Median Household Income	Per Capita Personal Income	Unemployment Rate	Birmingham Hoover MA Annual Average Unemployment Rate
2007	242,820	31,851	15,663	3.7%	3.1%
2008	242,820	31,851	15,663	4.9%	4.5%
2009	242,820	31,851	15,663	12.4%	9.2%
2010	242,820	31,851	15,663	9.7%	8.9%
2011	212,237	30,212	18,507	11.2%	8.3%
2012	212,237	30,212	18,507	8.9%	7.0%
2013	212,237	30,212	18,507	7.9%	5.9%
2014	212,237	30,212	18,507	7.1%	5.4%
2015	212,237	30,212	18,507	7.1%	5.5%
2016	212,237	30,212	18,507	7.1%	5.3%

Population figures based on 2000 and 2010 census

Unemployment rates source: Alabama Department of Labor in cooperation with the Bureau of Labor Statistics. 2016 City and MA rate is preliminary July, 2016 rate.

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

**Birmingham Metro Employers  
Principal Private Sector Employers  
Current and Ten Years Prior**

Table D-2

Employer	2016		2006	
	# of Employees	Rank	# of Employees	Rank
University of Alabama in Birmingham	23,000	1	18,750	1
Regions Financial Corporation/AmSouth	7,134	2	5,000	4
Honda Manufacturing of Alabama, LLC**	4,800	3	4,500	5
St. Vincent's/Eastern Health System	4,786	4	5,100	3
Baptist Health System	4,633	5	4,000	6
Children's Health System	4,543	6	3,200	8
ATT/Bellsouth	4,517	7	5,485	2
Alabama Power Company	3,982	8	3,000	10
Blue Cross Blue Shield of Alabama	3,570	9	3,000	10
Mercedes-Benz U. S International, Inc.**	3,500	10	0	
BBVA Compass Bank	2,765	11	2,696	11
Buffalo Rock Company	2,200	11	2,400	13
Southern Company Services*	2,116	12	1,000	18
U. S. Steel	1,900	13	2,400	13
Trinity Medical Center	1,893	14	2,300	14
Brookwood Medical Center	1,636	15	2,600	13
American Cast Iron Pipe	1,600		2,400	13
Birmingham Veterans Affairs Medical Center	1,525		1,800	16
Wells Fargo/Wachovia	1,466		3,094	9
Protective Life Corp.	1,464		1,252	17
McDonalds (CLP Corp., franchisee)	1,300		3,094	9
Saks Incorporated	0		2,083	15
Brunos Supermarkets, Inc.	0		3,477	7

\*Part of Southern Company

\*\*Located Outside Metro Area

Does not include aggregated multiple location employers

Source: Birmingham Business Alliance/Birmingham Chamber of Commerce

### Metropolitan Birmingham Largest Employers 2016

Table D-3

Rank	Company	Employment	Product	Presence
1	University of Alabama at Birmingham*	23,000	Education and Healthcare Services	Headquarters
2	Regions Financial Corporation	7,134	Financial Services (Banking)	Headquarters
3	Honda Manufacturing of Alabama, LLC**	4,800	Manufacturing advanced automotive	Regional
4	St. Vincent's Health System	4,786	Healthcare Services	Headquarters
5	Baptist Health System, Inc.	4,633	Healthcare Services	Headquarters
6	Children's Health System/Children's of Alabama	4,543	Healthcare Services/Pediatrics	Headquarters
7	AT&T	4,517	Telecommunications	Regional
8	Alabama Power Company	3,982	Utilities Services, Electrical	Headquarters
9	Blue Cross-Blue Shield of Alabama	3,570	Insurance, employee benefits	Major Operations
10	Mercedes-Benz U. S. International, Inc.**	3,500	Manufacturing advanced automotive	Headquarters
11	U. S. Postal Service	2,800	Government Mail Processing	Major Operations
12	BBVA Compass Bank	2,765	Financial Services (Banking)	Headquarters
13		2,200	Food Products, Pepsi Bottler	Headquarters
14	Southern Company Services	2,116	Utilities/Engineering	Divisional Headquarters
15	U. S. Steel	1,900	Manufacturing, pipe mill	Major Operations
16	Trinity Medical Center	1,893	Healthcare Services	Major Operations
17	U.S. Social Security Administration	1,800	Social Security Benefits	Major Operations
18	Brookwood Medical Center	1,636	Healthcare Services	Major Operations
19	American Cast Iron Pipe Co.	1,600	Manufacturing, primary metals	Headquarters
20	Birmingham Veterans Affairs Medical Center	1,525	Healthcare Services	Major Operations
21	Wells Fargo	1,466	Financial Services (Banking)	Major Operations
22	Protective Life Corporation	1,464	Financial Services (Insurance)	Headquarters
23	McDonalds (CLP Corporation)	1,300	Management Franchise Operation	Major Operations
24	State Farm Insurance	1,112	Insurance, Regional Operations Center	Regional
25	Golden Living, multiple locations	1,100	Healthcare Services , skilled nursing	Headquarters

Source: Birmingham Business Alliance

\* University of Alabama at Birmingham (UAB) and University of Alabama at Birmingham Health Services Foundation combined employment

\*\* *Not located in metropolitan Birmingham*

**City of Birmingham, Alabama**  
**Number of City Employees by Function/Program**  
**Last Ten Fiscal Years**

Table E-1

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>General Government:</b>										
City Clerk	12	12	12	12	8	10	10	10	9	9
City Council	44	44	44	43	39	40	37	38	38	36
Community Development	11	11	11	9	7	7	7	7	10	10
Finance	117	111	115	112	104	106	104	107	110	110
Law	35	34	34	34	36	38	40	37	38	38
Mayor's Office	67	65	82	78	79	89	89	91	93	93
Equipment Management	86	83	83	99	89	85	88	87	90	90
Information Management Services	61	55	45	53	42	43	47	45	46	46
Personnel	38	35	35	32	29	32	31	32	28	27
<b>Public Safety:</b>										
Planning, Engineering, & Permits	204	194	194	172	141	149	150	143	147	147
Communications	0	0	0	9	0	0	0	0	0	0
Parole & Probation	10	10	10	0	0	0	0	0	0	0
Municipal Court	66	63	61	66	66	66	69	70	70	70
Traffic Engineering	86	84	84	78	63	65	66	68	69	69
<b>Police:</b>										
Officers	859	859	909	822	839	854	842	852	827	841
Civilians	320	322	373	373	283	289	285	277	285	271
<b>Fire:</b>										
Officers	648	648	648	626	634	617	603	608	627	627
Civilians	61	61	61	61	63	73	62	59	64	64
<b>Streets &amp; Sanitation:</b>										
Public Works	1,164	1,088	1071	982	906	878	928	929	781	781
Horticulture & Urban Forestry	0	0	0	153	0	0	0	0	0	0
<b>Culture &amp; Recreation:</b>										
State Fairgrounds	5	5	5	4	3	14	17	16	17	17
Auditorium	23	21	21	21	31	28	26	29	28	28
Arlington	12	12	12	10	9	10	10	9	9	9
Library	300	300	326	320	290	292	298	287	274	274
Museum of Art	42	42	42	40	39	39	39	35	32	32
Parks & Recreation	269	305	303	172	257	245	237	262	250	252
Southern Museum of Flight	9	9	9	9	8	9	11	9	10	10
Sloss Furnaces	14	14	14	12	8	5	13	7	8	8
<b>Totals</b>	<b>4,563</b>	<b>4,487</b>	<b>4,604</b>	<b>4,402</b>	<b>4,073</b>	<b>4,083</b>	<b>4,109</b>	<b>4,114</b>	<b>3,960</b>	<b>3,959</b>

Source: City Budget Office

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

Table E-2

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Police precincts</b>	4	4	4	4	5	4	4	4	4	4
<b>Police substations</b>	6	6	6	4	3	6	5	5	8	6
<b>Fire stations</b>	31	31	31	31	31	31	32	32	32	31
<b>Street lights</b>	28,000	39,000	39,000	39,000	39,000	32,000	32,000	30,000	29,238	29,238
<b>Traffic signals</b>	700	710	710	710	710	702	702	702	702	702
<b>Street miles</b>	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>Parks &amp; recreation:</b>										
<b>Number of Parks</b>	106	111	111	112	114	114	115	115	115	116
<b>Acreage of Parks</b>	2,137	2,635	2,635	2,635	2,683	2,683	2,746	2,746	2,746	2,748
<b>Recreation/community centers</b>	18	18	18	19	20	22	23	23	24	24
<b>Playgrounds</b>	73	79	79	79	81	78	125	125	127	129
<b>Baseball/softball fields</b>	45	40	40	40	42	35	41	47	49	56
<b>Soccer/football fields</b>	18	15	15	15	16	15	12	12	16	16
<b>Libraries:</b>										
<b>Central</b>	1	1	1	1	1	1	1	1	1	1
<b>Branches</b>	19	19	19	19	18	18	18	18	18	18

Source: Various City departments

**City of Birmingham  
Operating Indicators**

Table E3

<b>BIRMINGHAM E911 CALL CENTER STATISTICS 2016</b>							
Calls Answered		2011	2012	2013	2014	2015	2016
911 Calls		421,071	245,198	413,033	412,021	418,529	417,539
328-9311 Calls		188,382	44,248	154,669	156,191	151,567	141,483
254-0800 Calls		161,572	93,984	38,582	32,087	27,122	24,246
254-2000 Calls				60,899	122,370	116,950	74,047
Total		771,025	383,430	667,183	722,669	714,168	657,315
Calls dispatched 2016		2011	2012	2013	2014	2015	2016
Day		261,347	236,061	254,080	245,317	243,546	216,006
Evening		321,500	276,779	284,828	257,086	255,365	230,745
Morning		137,162	124,639	117,952	101,312	98,920	91,121
Total		720,009	637,479	656,860	603,715	597,831	537,872
Arrest/Traffic Calls		2011	2012	2013	2014	2015	2016
Arrest Calls		17170	14808	8695	17505	10456	9,729
Traffic Citations Calls		28815	25999	26442	26770	25434	25,310
Total		45985	40807	35137	44275	35890	35039

**2009-2016 PERMIT VALUATIONS AND COUNTS**

Table E-4

<b>FY 2009 Permits</b>		
<b>Permit Type</b>	<b>Valuation</b>	<b>Count</b>
BLD	\$498,585,375.00	2,343
ELE	\$81,441,192.00	3,655
GAS	\$3,773,940.00	846
MEC	\$59,057,908.00	827
MFD	\$273,570.00	17
PLB	\$16,374,536.00	1,003
<b>Totals</b>	<b>\$659,506,521.00</b>	<b>8,691</b>

<b>FY 2013 Permits</b>		
<b>Permit Type</b>	<b>Valuation</b>	<b>Count</b>
BLD	\$568,782,029.00	2,317
ELE	\$68,145,739.00	3,537
GAS	\$10,027,430.00	758
MEC	\$33,808,797.00	784
MFD	\$257,565.00	10
PLB	\$17,924,789.00	913
<b>Totals</b>	<b>\$698,946,349.00</b>	<b>8,319</b>

<b>FY 2010 Permits</b>		
<b>Permit Type</b>	<b>Valuation</b>	<b>Count</b>
BLD	\$467,099,364.00	2,046
ELE	\$70,219,965.00	3,107
GAS	\$2,324,237.00	815
MEC	\$31,678,432.00	779
MFD	\$222,216.00	11
PLB	\$26,361,755.00	862
<b>Totals</b>	<b>\$597,905,969.00</b>	<b>7,620</b>

<b>FY 2014 Permits</b>		
<b>Permit Type</b>	<b>Valuation</b>	<b>Count</b>
BLD	\$382,880,446.00	2,240
ELE	\$92,733,521.00	3,597
GAS	\$2,201,636.00	693
MEC	\$53,545,639.00	806
MFD	\$97,900.00	6
PLB	\$18,261,036.00	775
<b>Totals</b>	<b>\$549,720,178.00</b>	<b>8,117</b>

<b>FY 2011 Permits</b>		
<b>Permit Type</b>	<b>Valuation</b>	<b>Count</b>
BLD	\$263,364,587.00	1,991
ELE	\$69,584,245.00	3,129
GAS	\$1,285,799.00	789
MEC	\$76,879,161.00	666
MFD	\$145,849.00	14
PLB	\$32,942,924.00	786
<b>Totals</b>	<b>\$444,202,565.00</b>	<b>7,375</b>

<b>FY 2015 Permits</b>		
<b>Permit Type</b>	<b>Valuation</b>	<b>Count</b>
BLD	\$732,862,238.00	2,865
ELE	\$99,769,574.00	4,656
GAS	\$3,832,348.00	922
MEC	\$56,229,903.00	870
MFD	\$449,343.00	12
PLB	\$27,558,118.00	990
<b>Totals</b>	<b>\$920,701,524.00</b>	<b>10,315</b>

<b>FY 2012 Permits</b>		
<b>Permit Type</b>	<b>Valuation</b>	<b>Count</b>
BLD	\$631,939,309.00	1,991
ELE	\$95,558,881.00	3,129
GAS	\$945,598.00	789
MEC	\$35,322,548.00	666
MFD	\$635,008.00	14
PLB	\$20,612,560.00	786
<b>Totals</b>	<b>\$785,013,904.00</b>	<b>7,375</b>

<b>FY 2016 Permits</b>		
<b>Permit Type</b>	<b>Valuation</b>	<b>Count</b>
BLD	\$543,249,501.00	2,865
ELE	\$80,718,251.00	4,656
GAS	\$1,799,262.00	922
MEC	\$55,346,779.00	870
MFD	\$211,861.00	12
PLB	\$29,173,103.00	990
<b>Totals</b>	<b>\$710,498,757.00</b>	<b>10,315</b>

City of Birmingham  
Police Department Statistics

Table E-5

2016/ January-June								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	44	82	467	1319	1386	3167	538	7003
CLEARED	26	20	147	355	127	271	91	1037
RATE	59.09%	24.39%	31.48%	26.91%	9.16%	8.56%	16.91%	14.81%
2015								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	76	166	1127	2673	3300	9305	1037	17684
CLEARED	40	36	361	894	381	1064	136	2915
RATE	52.63%	21.69%	32.03%	33.45%	11.64%	11.43%	13.11%	16.48%
2014								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	52	182	1051	2213	3768	8906	1460	17632
CLEARED	37	37	362	734	459	1299	314	3242
RATE	71%	20%	34%	33%	12%	15%	22%	18%
2013								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	63	178	969	1755	4059	8836	1525	17385
CLEARED	41	26	364	578	517	1008	163	2697
RATE	65%	15%	38%	33%	13%	11%	11%	16%
2012								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	67	152	983	2035	4704	9042	1042	18025
CLEARED	38	27	380	477	623	892	170	2607
RATE	57%	18%	39%	23%	13%	10%	16%	14%
2011								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	54	182	1011	1916	5806	10522	1325	20816
CLEARED	30	52	309	536	627	891	217	2662
RATE	56%	29%	28%	28%	11%	8%	16%	13%

**MUNICIPAL COURT STATISTICS**  
**Last Five Fiscal Years**

**Table E-6**

**COURT CASE STATISTICS**

	2012	2013	2014	2015	2016	TOTAL
DRUG/ALCOHOL RELATED CASES	1,793	793	726	4,283	4,711	12,306
GUN COURT CASES	383	490	311	348	557	2,089
TRAFFIC CASES	58,300	57,208	32,186	47,652	52,417	247,763
NON-TRAFFIC CASES	9,276	12,218	10,353	11,388	12,527	55,762

**TICKETS ISSUED**

	2012	2013	2014	2015	2016	TOTAL
PARKING TICKETS	60,626	61,573	62,143	95,183	104,702	384,227
EQUIPMENT REPAIR TICKETS(LIGHTS)	6,531	5,279	2,795	1,315	1,108	17,028

Source: Municipal Court

**City of Birmingham, Alabama**  
**Debt Service Schedules**  
**General Obligation Warrants and Bonds**

Table F-1

Fiscal Year Ending June 30	General Obligation Warrants			General Obligation Bonds			Total General Obligation Debt		
	Principal	Interest (Net)	Total Debt Service	Principal	Interest (Net)	Total Debt Service	Principal	Interest (Net)	Total Debt Service
2017	15,025,000	4,877,102	19,902,102	14,181,200	9,308,396	23,489,596	29,206,200	14,185,498	43,391,698
2018	15,630,000	4,276,297	19,906,297	15,835,000	12,588,974	28,423,974	31,465,000	16,865,271	48,330,271
2019	5,995,000	3,737,323	9,732,323	16,313,830	12,348,706	28,662,536	22,308,830	16,086,029	38,394,859
2020	5,895,000	3,524,322	9,419,322	11,444,800	14,031,458	25,476,258	17,339,800	17,555,780	34,895,580
2021	5,315,000	3,303,710	8,618,710	10,040,418	13,661,085	23,701,503	15,355,418	16,964,795	32,320,213
2022	5,485,000	3,085,940	8,570,940	9,073,255	13,252,815	22,326,070	14,558,255	16,338,755	30,897,010
2023	5,680,000	2,857,607	8,537,607	11,212,845	12,899,545	24,112,390	16,892,845	15,757,152	32,649,997
2024	5,550,000	2,620,246	8,170,246	9,351,730	12,400,025	21,751,755	14,901,730	15,020,271	29,922,001
2025	5,720,000	2,384,152	8,104,152	9,829,559	11,961,167	21,790,726	15,549,559	14,345,319	29,894,878
2026	5,910,000	2,137,124	8,047,124	12,945,649	11,428,077	24,373,726	18,855,649	13,565,201	32,420,850
2027	4,585,000	1,889,052	6,474,052	13,620,860	10,800,920	24,421,780	18,205,860	12,689,972	30,895,832
2028	4,790,000	1,684,844	6,474,844	14,331,932	10,141,533	24,473,465	19,121,932	11,826,377	30,948,309
2029	5,000,000	1,470,365	6,470,365	15,065,243	9,445,438	24,510,681	20,065,243	10,915,803	30,981,046
2030	5,230,000	1,245,766	6,475,766	15,855,114	8,712,130	24,567,244	21,085,114	9,957,896	31,043,010
2031	3,535,000	1,010,572	4,545,572	16,650,951	7,966,503	24,617,454	20,185,951	8,977,075	29,163,026
2032	3,660,000	888,825	4,548,825	17,486,609	7,194,043	24,680,652	21,146,609	8,082,868	29,229,477
2033	3,790,000	760,519	4,550,519	18,392,806	6,357,124	24,749,930	22,182,806	7,117,643	29,300,449
2034	2,010,000	597,597	2,607,597	6,180,830	5,894,804	12,075,634	8,190,830	6,492,401	14,683,231
2035	2,085,000	522,423	2,607,423	6,500,271	5,619,905	12,120,176	8,585,271	6,142,328	14,727,599
2036	2,165,000	444,444	2,609,444	6,817,752	5,659,495	12,477,247	8,982,752	6,103,939	15,086,691
2037	2,245,000	363,473	2,608,473	7,163,845	5,270,608	12,434,453	9,408,845	5,634,081	15,042,926
2038	2,330,000	279,510	2,609,510	7,514,567	4,915,327	12,429,894	9,844,567	5,194,837	15,039,404
2039	2,420,000	189,805	2,609,805	7,888,069	4,541,661	12,429,730	10,308,069	4,731,466	15,039,535
2040	2,510,000	96,635	2,606,635	8,299,218	4,152,237	12,451,455	10,809,218	4,248,872	15,058,090
2041				8,701,985	3,737,084	12,439,069	8,701,985	3,737,084	12,439,069
2042				9,137,727	3,305,348	12,443,075	9,137,727	3,305,348	12,443,075
2043				9,603,562	2,852,908	12,456,470	9,603,562	2,852,908	12,456,470
2044				4,727,649	1,269,857	5,997,506	4,727,649	1,269,857	5,997,506
2045				4,966,375	1,036,683	6,003,058	4,966,375	1,036,683	6,003,058
<b>Total</b>	<b>122,560,000</b>	<b>44,247,653</b>	<b>166,807,653</b>	<b>319,133,651</b>	<b>232,753,856</b>	<b>551,887,507</b>	<b>441,693,651</b>	<b>277,001,509</b>	<b>718,695,160</b>

General obligation warrants are paid from the City's General Fund and general obligation bonds are paid from the City's Bond Reserve Fund, which receives 12 mills of ad-valorem tax.

**City of Birmingham  
Debt Service Schedules**  
**Debt of Conduit Issuers that is a General Obligation of the City**  
**The Commercial Development Authority of the City of Birmingham, Revenue Bonds**

Table F-2

Fiscal Year Ending June 30	Series 2011-A (Tax-Exempt)			Series 2011-B (Federally Taxable)			Total		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2017		3,118,988	3,118,988	1,280,000	550,800	1,830,800	1,280,000	3,669,788	4,949,788
2018		3,118,988	3,118,988	1,400,000	474,000	1,874,000	1,400,000	3,592,988	4,992,988
2019		3,118,988	3,118,988	1,485,000	390,000	1,875,000	1,485,000	3,508,988	4,993,988
2020		3,118,988	3,118,988	1,575,000	300,900	1,875,900	1,575,000	3,419,888	4,994,888
2021		3,118,988	3,118,988	1,670,000	206,400	1,876,400	1,670,000	3,325,388	4,995,388
2022		3,118,988	3,118,988	1,770,000	106,200	1,876,200	1,770,000	3,225,188	4,995,188
2023	1,875,000	3,118,988	4,993,988				1,875,000	3,118,988	4,993,988
2024	1,970,000	3,025,238	4,995,238				1,970,000	3,025,238	4,995,238
2025	2,070,000	2,926,738	4,996,738				2,070,000	2,926,738	4,996,738
2026	2,170,000	2,823,238	4,993,238				2,170,000	2,823,238	4,993,238
2027	2,280,000	2,714,738	4,994,738				2,280,000	2,714,738	4,994,738
2028	2,395,000	2,600,738	4,995,738				2,395,000	2,600,738	4,995,738
2029	2,515,000	2,480,988	4,995,988				2,515,000	2,480,988	4,995,988
2030	2,645,000	2,348,950	4,993,950				2,645,000	2,348,950	4,993,950
2031	2,785,000	2,210,088	4,995,088				2,785,000	2,210,088	4,995,088
2032	2,805,000	2,063,875	4,868,875				2,805,000	2,063,875	4,868,875
2033	3,085,000	1,909,600	4,994,600				3,085,000	1,909,600	4,994,600
2034	3,255,000	1,739,925	4,994,925				3,255,000	1,739,925	4,994,925
2035	3,435,000	1,560,900	4,995,900				3,435,000	1,560,900	4,995,900
2036	3,620,000	1,371,975	4,991,975				3,620,000	1,371,975	4,991,975
2037	3,820,000	1,172,875	4,992,875				3,820,000	1,172,875	4,992,875
2038	4,030,000	962,775	4,992,775				4,030,000	962,775	4,992,775
2039	4,255,000	741,125	4,996,125				4,255,000	741,125	4,996,125
2040	4,485,000	507,100	4,992,100				4,485,000	507,100	4,992,100
2041	4,735,000	260,425	4,995,425				4,735,000	260,425	4,995,425
Total	\$58,230,000	\$55,254,200	\$113,484,200	\$9,180,000	\$2,028,300	\$11,208,300	\$67,410,000	\$57,282,500	\$124,692,500

The above amounts are a line item in the City's General Fund Budget for each fiscal year pursuant to the associated Funding Agreement. The Bonds financed the construction of a hotel and entertainment district adjacent to the Birmingham-Jefferson Convention Center, located in downtown Birmingham. The appropriation continues a long-standing amount appropriated for the BJCC.

**City of Birmingham**  
**Debt Service Schedules**  
**Debt of Conduit Issuers that is a General Obligation of the City**  
**The Public Athletic Cultural and Entertainment Board of the City of Birmingham, Revenue Bonds**

Table F-3

Fiscal Year Ending June 30	Series 2011-A (Tax-Exempt)			Series 2011-B (Federally Taxable) No. R-2			Series 2011-B (Federally Taxable) No. R-1			Series B			Total		
			Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
	Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest		Principal	Interest	
2017	1,525,000	1,540,442	3,065,442	80,000	213,259	293,259	90,000	184,086	274,086	567,345	1,695,000	1,937,787	3,632,787		
2018	1,570,000	1,492,625	3,062,625	85,000	208,647	293,647	95,000	179,581	274,581	568,228	1,750,000	1,880,853	3,630,853		
2019	1,620,000	1,443,339	3,063,339	90,000	203,756	293,756	100,000	174,833	274,833	568,589	1,810,000	1,821,928	3,631,928		
2020	1,670,000	1,392,509	3,062,509	95,000	198,585	293,585	105,000	169,841	274,841	568,426	1,870,000	1,760,935	3,630,935		
2021	1,720,000	1,340,133	3,060,133	100,000	193,135	293,135	110,000	164,606	274,606	567,741	1,930,000	1,697,874	3,627,874		
2022	1,775,000	1,286,135	3,061,135	105,000	187,405	292,405	115,000	159,127	274,127	566,532	1,995,000	1,632,667	3,627,667		
2023	1,830,000	1,230,438	3,060,438	110,000	181,396	291,396	125,000	153,405	278,405	569,801	2,065,000	1,565,239	3,630,239		
2024	1,885,000	1,173,041	3,058,041	115,000	175,107	290,107	130,000	147,318	277,318	567,424	2,130,000	1,495,466	3,625,466		
2025	1,945,000	1,113,868	3,058,868	125,000	168,399	293,399	135,000	140,865	275,865	569,264	2,205,000	1,423,131	3,628,131		
2026	2,005,000	1,052,840	3,057,840	130,000	161,272	291,272	140,000	134,169	274,169	565,440	2,275,000	1,348,280	3,623,280		
2027	2,065,000	1,363,569	3,428,569	120,000	172,794	292,794	120,000	154,105	274,105	566,899	2,305,000	1,690,468	3,995,468		
2028	1,385,000	1,667,188	3,052,188	105,000	184,275	289,275	100,000	173,950	273,950	563,225	1,590,000	2,025,413	3,615,413		
2029	1,460,000	1,588,950	3,048,950	115,000	176,575	291,575	105,000	166,600	271,600	563,175	1,680,000	1,932,125	3,612,125		
2030	1,540,000	1,506,450	3,046,450	120,000	168,175	288,175	115,000	158,725	273,725	561,900	1,775,000	1,833,350	3,608,350		
2031	1,625,000	1,419,413	3,044,413	130,000	159,250	289,250	125,000	150,325	275,325	564,575	1,880,000	1,728,988	3,608,988		
2032	1,715,000	1,327,563	3,042,563	140,000	149,800	289,800	135,000	141,225	276,225	566,025	1,990,000	1,618,588	3,608,588		
2033	1,810,000	1,230,625	3,040,625	150,000	139,650	289,650	140,000	131,600	271,600	561,250	2,100,000	1,501,875	3,601,875		
2034	1,905,000	1,128,463	3,033,463	160,000	128,800	288,800	150,000	121,450	271,450	560,250	2,215,000	1,378,713	3,593,713		
2035	2,010,000	1,020,800	3,030,800	170,000	117,250	287,250	165,000	110,600	275,600	562,850	2,345,000	1,248,650	3,593,650		
2036	2,125,000	907,088	3,032,088	185,000	104,825	289,825	175,000	98,875	273,875	563,700	2,485,000	1,110,788	3,595,788		
2037	2,240,000	787,050	3,027,050	200,000	91,525	291,525	190,000	86,275	276,275	567,800	2,630,000	964,850	3,594,850		
2038	2,365,000	660,413	3,025,413	210,000	77,350	287,350	200,000	72,800	272,800	560,150	2,775,000	810,563	3,585,563		
2039	2,495,000	526,763	3,021,763	230,000	62,125	292,125	215,000	58,450	273,450	565,575	2,940,000	647,338	3,587,338		
2040	2,630,000	385,825	3,015,825	245,000	45,850	290,850	230,000	43,225	273,225	564,075	3,105,000	474,900	3,579,900		
2041	2,775,000	237,188	3,012,188	260,000	28,350	288,350	250,000	26,775	276,775	565,125	3,285,000	292,313	3,577,313		
2042	2,925,000	80,438	3,005,438	280,000	9,625	289,625	265,000	9,100	274,100	563,725	3,470,000	99,163	3,569,163		
Total	\$50,615,000	\$28,903,151	\$79,518,151	\$3,855,000	\$3,707,176	\$7,562,176	\$3,825,000	\$3,311,910	\$7,136,910	\$14,699,087	\$58,295,000	\$35,922,238	\$94,217,238		

These bonds financed the acquisition of property for, and the construction of, a minor league baseball park in the City center. The Series A bonds are payable from the a lodgings tax in the City, levied at a rate of 3.5%. The Series B bonds are payable from project revenues. The Bonds are subject to Mandatory Tender on December 14, 2026. The Series A bonds carry an interest rate of 3.09%. The above schedule assumes an interest rate of 5.50% after the tender date.

The Series B R-1 bonds carry an interest rate of 4.87%. The Series B R-2 bonds carry an interest rate of 5.59%. The above schedule assumes an interest rate of 7.00% after the tender date. The Bonds are prepayable with a yield maintenance premium. The Bonds are payable from a general obligation funding agreement of the City. In the event of a Determination of Taxability, the interest rate on the Series A bonds changes to 4.87%.

**City of Birmingham  
Special Lodgings Tax Fund  
Revenue from 3.5% Lodgings Tax**

**Table F-4**

Fiscal Year	Revenue
2011	\$1,338,321 *
2012	\$3,271,345
2013	\$3,190,203
2014	\$3,632,290
2015	\$3,806,818
2016	\$4,239,214

\*Reflects five months' collections. Tax became effective January 15, 2011  
The tax is pledged to the payment of a Funding Agreement with  
the Public Athletic, Cultural and Entertainment Board of the  
City of Birmingham, covering debt service on the Board's Series 2011-A Bonds.  
See Table F-3.

**Revenue from Stadium Lease and Service Agreement**

Fiscal Year	Revenue
2014	\$201,233 *
2015	\$630,000 **
2016	\$630,000 ***

\*Revenue from the Stadium Lease and Service Agreement between  
the Birmingham Barons, LLC and the PACE Board are pledged to the  
payment of the PACE Board's Series B Bonds (See Table F-3). During  
Fiscal Year 2014, the first year of operation, certain minimum payments  
from the Barons were prorated for a partial year of operation. Additionally,  
\$300,000 of the rent due was paid, pursuant to the Agreement, to the City  
of Hoover to terminate the Barons lease of a facility owned by that City.  
Assuming that the Stadium had been in operation for a full year and that  
the Hoover payment was not required, net rent would have been \$630,000.  
\$156,454 was also paid by the Barons, pursuant to the Agreement, to the Trustee  
for deposit into the Operations, Maintenance and Repair Expense Fund.  
The Lodgings Tax was used to pay the balance of the debt service on the Series B  
Bonds during this first year of operations.  
\*\*Revenue received was \$630,000 and \$153,888 was deposited into the  
Operations, Maintenance and Repair Expense Fund, held by the Bond Trustee.  
\*\*\*Revenue received was \$630,000 and \$157,943 was generated for Repair &  
Maintenance, with a net amount of \$60,337 being deposited with the Trustee.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

**Table F-5**

**The Public Athletic, Cultural and Entertainment Facilities Board  
of the City of Birmingham, Alabama Special Revenue Bond  
(Birmingham Negro Southern League Museum)**

Fiscal Year Ending	Total		
	Principal	Interest	Debt Service
June 30 2017	143,333	11,225	154,558
2018	143,333	6,925	150,258
2019	110,000	2,625	112,625
2020	35,000	638	35,638
Total	431,666	21,413	453,079

These bonds are payable solely from corporate pledges of donations to the Negro Southern League Museum. Proceeds were used to complete construction of The Museum. The bonds are prepayable from donations as they are received. The bonds are taxable and carry an interest rate of 3%. Final maturity is April 1, 2020

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

**Table F-6**

**The Public Athletic, Cultural and Entertainment Facilities Board  
of the City of Birmingham, Alabama  
Contractor/Developer Settlement Agreement**

<b>15-Oct</b>	<b>Beginning Balance of Obligation</b>	<b>Planned Payment Obligation</b>	<b>Actual Payment</b>	<b>Ending Balance of Obligation</b>
2015	2,600,000.00		827,945.49	1,772,054.51
2016	1,772,054.51	371,430.00		1,772,054.51
2017	1,772,054.51	371,430.00		1,772,054.51
2018	1,772,054.51	371,430.00		1,772,054.51
2019	1,772,054.51	371,430.00		1,772,054.51
2020	1,772,054.51	286,334.51		1,772,054.51
2021	1,772,054.51	0.00		1,772,054.51
		1,772,054.51	827,945.49	

On September 8, 2015 the City Council approved a settlement agreement with the Developer and Contractor for the Regions Field baseball stadium, in the amount of \$4.1 million. The City paid \$1.5 million from capital funds immediately. The City is obligated to pay \$371,430 for six years and \$371,420 in the seventh year from its Special Lodgings Tax Fund. Should the tax be insufficient to make the payment, after paying debt service on outstanding PACE Board debt, the obligation will be limited to the actual revenues available and any underpayment will be added to the end of the repayment period. Should the balance in the Special Lodgings Tax Fund exceed \$750,000, after paying debt service, the excess will be payed to the Developer/Contractor and will reduce the remaining obligation from the last amount due. During 2016, funds were available to pay an extra amount of \$456,515.49, which reduced the amount due from the last payment obligations by an equal amount.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

**General Obligation Warrants Series 2012-RB and 2012-CTB**

**Table F-7**

Fiscal Year Ending June 30	Series 2012-RB (Federally Taxable)			Series 2012-CTB (Federally Taxable)			Total		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2017	365,000	167,879	532,879	85,000	27,453	112,453	450,000	195,332	645,332
2018	380,000	153,017	533,017	85,000	23,734	108,734	465,000	176,751	641,751
2019	395,000	137,555	532,555	90,000	19,906	109,906	485,000	157,462	642,462
2020	410,000	121,496	531,496	95,000	15,859	110,859	505,000	137,355	642,355
2021	430,000	104,738	534,738	100,000	11,594	111,594	530,000	116,331	646,331
2022	445,000	87,281	532,281	105,000	7,109	112,109	550,000	94,391	644,391
2023	465,000	69,127	534,127	110,000	2,406	112,406	575,000	71,533	646,533
2024	480,000	50,274	530,274				480,000	50,274	530,274
2025	500,000	30,723	530,723				500,000	30,723	530,723
2026	520,000	10,374	530,374				520,000	10,374	530,374
<b>Total</b>	<b>\$4,390,000</b>	<b>\$932,463</b>	<b>\$5,322,463</b>	<b>\$670,000</b>	<b>\$108,063</b>	<b>\$778,063</b>	<b>\$5,060,000</b>	<b>\$1,040,526</b>	<b>\$6,100,526</b>

The Warrants pay principal annually on August 1 and interest on February 1 and August 1. The Series 2012-RB warrants carry an interest rate of 3.99% and the Series 2012-CTB warrants carry an interest rate of 4.375%. Both Series are prepayable until August 1, 2013 with a 3% premium, August 1, 2013 through July 31, 2014 with a 2% premium, August 1, 2014 through July 31, 2015 with a 1% premium and thereafter with no premium. The Warrants are subject to mandatory tender, at the option of the warrant holder, in the event that Standard & Poor's assigns a rating of A-, or lower, to the long-term debt obligations of the City.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

**Table F-8**

**General Obligation Warrants Series 2014-PNC2**

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2017	1,145,000	26,450	1,171,450
2018	1,155,000	13,283	1,168,283
Total	\$2,300,000	\$39,733	\$2,339,733

The Warrants carry an interest rate of 1.15%. Principal is payable on March 1 and Interest is payable on March 1 and September 1. Proceeds were used for capital equipment. Upon any Determination of Taxability, the interest rate would be adjusted to provide the warrant holder with an equivalent after-tax yield.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

**Table F-9**

**Tax Increment Financing District I, Revenue Warrants, Series 2014**

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2017	1,102,000	446,577	1,548,577
2018	1,134,000	414,322	1,548,322
2019	1,167,000	381,109	1,548,109
2020	1,201,000	346,916	1,547,916
2021	1,236,000	311,749	1,547,749
2022	1,272,000	275,552	1,547,552
2023	1,311,000	238,285	1,549,285
2024	1,348,000	199,918	1,547,918
2025	1,388,000	160,431	1,548,431
2026	1,428,000	119,793	1,547,793
2027	1,470,000	77,972	1,547,972
2028	1,513,000	34,918	1,547,918
2029	385,000	1,857	386,857
<b>Total</b>	<b>\$15,955,000</b>	<b>\$3,009,401</b>	<b>\$18,964,401</b>

The Warrants have an interest rate of 2.89%. Principal and interest on both warrants. Principal and Interest is payable monthly. The Warrants are prepayable on any date with a yield maintenance premium, and beginning on December 1, 2024 on any date without premium. The Warrants are payable from Ad-valorem taxes collected in the TIF District in excess of a base year amount. The District includes a large portion of the city center of the City. The Warrants are also secured by a General Obligation Funding Agreement of the City, which provides funds from any legally available source to pay principal and interest on the Warrants as it comes due. Upon any Determination of Taxability, the interest rate would increase to an equivalent after-tax yield.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

**Table F-10**

**General Obligation Refunding Warrants Series 2014-PNC**

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2017	685,000.00	44,950.00	729,950.00
2018	725,000.00	34,332.50	759,332.50
2019	740,000.00	23,095.00	763,095.00
2020	750,000.00	11,625.00	761,625.00
<b>Total</b>	<b>2,900,000.00</b>	<b>114,002.50</b>	<b>3,014,002.50</b>

The Warrants pay principal on April 1 and Interest on April 1 and October 1. The Warrants refunded the City's Series 2004-B Warrants, which were called on April 1, 2014.

The Warrants carry an interest rate of 1.55% and are not prepayable.

Upon any Determination of Taxability the interest rate would be adjusted to provide the warrant holder an equivalent after-tax yield.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

Table F-11

**General Obligation Refunding Bond (Federally Taxable), Series 2015-WFB**

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2017	1,910,000	729,950	2,639,950
2018	2,920,000	636,478	3,556,478
2019	2,995,000	522,135	3,517,135
2020	3,070,000	405,044	3,475,044
2021	2,495,000	297,737	2,792,737
2022	2,070,000	209,824	2,279,824
2023	2,165,000	128,376	2,293,376
2024	2,260,000	43,382	2,303,382
<b>Total</b>	<b>19,885,000</b>	<b>2,972,926</b>	<b>\$22,857,926</b>

The Bonds pay principal on November 1 and interest on May 1 and November 1.  
The Bonds carry an average interest rate of 3.85% and are not prepayable.  
Upon a Determination of Taxability, the interest rate would be adjusted  
to provide the bondholder an equivalent after-tax yield.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

**Table F-12**

**General Obligation Refunding Bond (Federally Taxable), Series 2014-C**

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2017		684,908	684,908
2018		684,908	684,908
2019	10,105,000	684,908	10,789,908
2020		253,425	253,425
2021	3,500,000	253,425	3,753,425
2022	2,435,000	103,975	2,538,975
Total	16,040,000	2,665,549	\$18,705,549

The Bonds carry an interest rate of 4.455%. The City has an option to refund the Bonds between July 3, 2016 and October 1, 2016 at an interest rate of 4.11%. The City intends to exercise this option.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

Table F-13

**General Obligation Refunding Bond (Federally Taxable), Series 2014-D**

<b>Fiscal Year Ending</b>		<b>Total Debt Service</b>	
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	
2017		539,946	539,946
2018		539,946	539,946
2019	2,600,000	482,031	3,082,031
2020	2,685,000	364,308	3,049,308
2021		304,499	304,499
2022		304,499	304,499
2023	1,735,000	265,852	2,000,852
2024	1,860,000	185,774	2,045,774
2025	3,240,000	72,171	3,312,171
<b>Total</b>	<b>12,120,000</b>	<b>3,059,026</b>	<b>15,179,026</b>

The Bonds carry an interest rate of 4.455%. The City has an option to refund the Bonds between September 2, 2016 and December 1, 2016 at an interest rate of 3.91%. The City intends to exercise this option.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

**Table F-14**

**General Obligation Warrants, Series 2014-PNC3**

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2017	250,000	9,856	259,856
2018	255,000	5,968	260,968
2019	260,000	2,002	262,002
<b>Total</b>	<b>765,000</b>	<b>17,826</b>	<b>\$782,826</b>

The Warrants mature on October 1st and pay interest on April 1 and October 1. The Warrants carry an interest rate of 1.54%. Upon any Determination of Taxability the City must pay the warrant holder an amount to produce an equivalent after tax yield.

**City of Birmingham**  
**Debt Service Schedules**  
**Privately Placed Debt**

**Table F-15**

**Annual Appropriation Lease - Banc of America Public Capital 2016**

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2019	857,562	3,981,993	4,839,555
2020	1,397,351	1,404,559	2,801,910
2021	1,496,943	1,357,235	2,854,178
2022	1,601,010	1,306,569	2,907,579
2023	1,709,713	1,252,413	2,962,126
2024	1,704,566	1,195,585	2,900,151
2025	1,775,304	1,138,949	2,914,253
2026	1,888,467	1,078,988	2,967,455
2027	2,006,448	1,015,233	3,021,681
2028	2,129,406	947,525	3,076,931
2029	2,257,497	875,696	3,133,193
2030	2,390,893	799,576	3,190,469
2031	2,529,761	718,987	3,248,748
2032	2,674,274	633,746	3,308,020
2033	2,824,607	543,667	3,368,274
2034	5,331,979	419,658	5,751,637
2035	5,690,593	239,315	5,929,908
2036	3,663,899	53,975	3,717,874
<b>Total</b>	<b>43,930,273</b>	<b>18,963,669</b>	<b>62,893,942</b>

The Lease is payable quarterly beginning August 4, 2018. Energy savings from this project is expected to be sufficient to pay debt service on the lease. The lease carries a fixed interest rate of 3.30%. In the event of a Determination of Taxability, the interest rate would be adjusted to make the lessor whole on an after-tax basis.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

**Table F-16**

**Annual Appropriation Lease - PNC 2016**

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2019	-482,643	1,599,462	1,116,819
2020	600,581	571,448	1,172,029
2021	679,468	551,163	1,230,631
2022	763,891	528,271	1,292,162
2023	854,179	502,591	1,356,770
2024	950,679	473,929	1,424,608
2025	1,053,758	442,081	1,495,839
2026	1,163,801	406,830	1,570,631
2027	1,281,215	367,947	1,649,162
2028	1,406,430	325,190	1,731,620
2029	1,539,899	278,302	1,818,201
2030	1,682,099	227,012	1,909,111
2031	1,833,535	171,032	2,004,567
2032	1,994,737	110,059	2,104,796
2033	2,166,264	43,771	2,210,035
<b>Total</b>	<b>17,487,893</b>	<b>6,599,088</b>	<b>24,086,981</b>

The Lease is payable quarterly beginning August 31, 2018. Energy savings from this project is expected to be sufficient to pay debt service on the lease. The lease carries a fixed interest rate of 3.22%. In the event of a Determination of Taxability, the interest rate would be adjusted to make the lessor whole on an after-tax basis.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt**

**Table F-17**

**Series 2016 General Obligation Equipment and Improvement Warrants**

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2017		71,357	71,357
2018		180,904	180,904
2019	2,654,500	163,255	2,817,755
2020	2,688,500	127,740	2,816,240
2021	2,723,000	91,786	2,814,786
2022	2,758,000	55,388	2,813,388
2023	2,793,500	18,538	2,812,038
<b>Total</b>	<b>13,617,500</b>	<b>708,968</b>	<b>14,326,468</b>

The warrants carry a fixed rate of approximately 1.33% and are non-callable. In the event of a Determination of Taxability, the interest rate would be adjusted to provide the warrant holder an equivalent after-tax yield.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt  
Annual Appropriation Lease - Banc of America Public Capital  
Corporation - Motorola**

**Table F-18**

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2017	999,992.86		999,992.86
2018	999,992.86		999,992.86
2019	999,992.86		999,992.86
2020	999,992.86		999,992.86
2021	999,992.86		999,992.86
2022	999,992.86		999,992.86
2023	999,992.86		999,992.86
<b>Total</b>	<b>6,999,950.02</b>		<b>6,999,950.02</b>

Lease payments are due annually and carry zero interest. In the event of a Determination of Taxability, the City must make the Lessor whole on a tax equivalent basis.

**City of Birmingham  
Debt Service Schedules  
Privately Placed Debt  
Annual Appropriation Lease - Banc of America Leasing and Capital 2016**

**Table F-19**

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2017	279,335	92,839	372,174
2018	288,582	83,592	372,174
2019	298,135	74,039	372,174
2020	308,004	64,170	372,174
2021	318,200	53,974	372,174
2022	328,733	43,441	372,174
2023	339,615	32,559	372,174
2024	350,858	21,316	372,174
2025	362,472	9,702	372,174
2026	69,221	566	69,786
<b>Total</b>	<b>2,943,155</b>	<b>476,197</b>	<b>3,419,352</b>

The Lease is payable quarterly beginning August 4, 2018. Energy savings from this lighting project is expected to be sufficient to pay debt service on the lease. In the event of a Determination of Taxability, the interest rate would be adjusted to make the Lessor whole on an after-tax basis.

**City of Birmingham**  
**Debt Service Schedules**  
**Privately Placed Debt**  
**Annual Appropriation Lease - Banc of America Public Capital**  
**Corporation - Motorola #2**

**Table F-20**

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2017	347,105.33		347,105.33
2018	347,105.33		347,105.33
2019	347,105.33		347,105.33
<b>Total</b>	<b>1,041,315.99</b>		<b>1,041,315.99</b>

Lease payments are due annually and carry zero interest. In the event of a Determination of Taxability, the District must make the Lessor whole on a tax equivalent basis.

**Birmingham Emergency Management  
 Communications District  
 Debt Service Schedules  
 Privately Placed Debt  
 Annual Appropriation Lease - Banc of America Public Capital  
 Corporation - Motorola**

**Table F-21**

<b>Fiscal Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2017	175,666.67		175,666.67
2018	175,666.67		175,666.67
2019	175,666.67		175,666.67
<b>Total</b>	<b>527,000.01</b>		<b>527,000.01</b>

Lease payments are due annually and carry zero interest. In the event of a Determination of Taxability, the District must make the Lessor whole on a tax equivalent basis.