



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED JUNE 30, 2017
CITY OF BIRMINGHAM, ALABAMA**

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

City of Birmingham, Alabama
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 2017

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INTRODUCTORY SECTION

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- Finance Director's Letter of Transmittal
- Certificate of Achievement-
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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	Robert A. Jones, Jr., 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	Alfred Menifield, Director
TRAFFIC ENGINEERING.....	Gregory Dawkins, Traffic Engineer

BOARD DIRECTORS

ARLINGTON	Steve Moode, Director
LIBRARY	Sandi Lee, Interim Director
MUSEUM OF ART	Dr. Graham C. Boettcher, 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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WILLIAM A. BELL, SR.
MAYOR

J. THOMAS BARNETT, JR.
FINANCE DIRECTOR

CITY OF BIRMINGHAM

DEPARTMENT OF FINANCE

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710 NORTH 20TH STREET
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AARON L. SAXTON
DEPUTY DIRECTOR

BARBARA D. MCGRUE
DEPUTY DIRECTOR

November 13, 2017

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 2017, is hereby submitted. This report represents the official comprehensive publication of the City's financial position at June 30, 2017. 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, 2017. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

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 on the City's web-site www.birminghamal.gov , Open Data, Finance.

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 4.4% during the month of July, 2017. The State of Alabama's unemployment rate was 4.5% during the same period compared to 4.3% 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 1,400 multifamily units have recently opened in the City Center area and approximately another 1,000 multifamily units are currently under design/construction in the City Center area. Two new hotel projects are in design or under construction, four having recently opened. A new Publix Supermarket opened in the center of downtown

and is serving as a catalyst for additional development. The entire block across from the Publix is now under development for retail and apartments. Another Publix anchored retail center is under construction in the western area of the City. Top Golf is nearing completion of construction of a golf entertainment facility adjacent to the Birmingham Jefferson Civic Center and the Uptown Entertainment District. It is expected to open this winter and they are in the process of hiring 500 workers.

Alabama Power Company continues construction of the repurposing of a former steam plant, in the heart of the City, adjacent to Railroad Park. The facility will be 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 100th anniversary, is currently constructing \$4,000,000 of 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.

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, conference and state athletic organizations. The Birmingham Crossplex was awarded eleven NCAA division I, II and III championship events during the 2014 bids and the Crossplex was recently awarded thirteen championships in the 2016 round of bids. The development of a large track of adjacent city-owned property is in the construction phase. When completed, it will initially include restaurants, retail, and a hotel. Additional development is planned for the site.

In the industrial sector, automotive supplier Kamtek Inc. recently opened a \$60 million expansion in the City that will add 200 new jobs to its existing manufacturing facility, which currently employs 700. CMC/SMI Steel is investing more than \$46 million in its existing plant. This technology project will help the Company be more competitive globally. Autocar has acquired an existing facility on Pinson Valley Parkway, which is partially in the City. With renovations the facility is expected to require an investment of approximately \$120 million. The Company manufactures heavy duty trucks. This project is expected to add 746 jobs with an average salary of \$58,000. Mercedes-Benz International announced plans for a \$1 billion expansion to start producing electric vehicles at its Tuscaloosa County plant. They plan to build a 1 million square foot battery plant and a new global logistics center in neighboring Bibb County. Combined, the projects will create more than 600 jobs.

The City has contracted with Trane U.S., Inc. to make City facilities more energy efficient. Trane will perform this work. The City entered into leases to cover \$61.4 million of projects, including; lighting upgrades in 117 buildings, water upgrades in 119 buildings, 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. Investment returns were below target rates of return during the period. As of July 1, 2016 the unfunded actuarial accrued liability of the Plan was approximately \$330 million, up from \$325 million in 2015 and the Plan had a funded ratio of 75.5%, up from 75.3% 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 accrued pension benefit payments using specified assumptions, less the assets in the plan available for those benefits. The total accrued pension liability is computed using a blended discount rate, combining the System's target rate of return with a tax-exempt bond interest rate specified by GASB. The bond rate for 2017 is 3.58%, which is significantly less than the investment target rate of return of 7.50%. The blended rate is 5.43%. The City's Net Pension Liability for the Plan, computed according to GASB methodology, was \$684 million, down from \$1 billion in 2016. The decrease was primarily due to the increase in the market interest rate used to compute the present value of the liability from last year to this year. The blended discount rate increased from 4.13% in 2016 to 5.43% in 2017. The present value is inversely related to the movement in interest rates. The remaining amount of the decrease was due to actual investment income outperforming the plan's assumed rate of return for fiscal year 2017. 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 were successful in getting State legislation passed which should improve the funding of the plan. The new Statute requires the City to contribute an additional .25% of payroll in fiscal 2018, an additional 1.25% in 2019 and an additional .50% in 2021 to the Retirement and Relief System. The Statute also allows the City to increase contributions above these amounts without further legislative action. For newly hired employees after July 1, 2017, benefits were reduced.

At July 1, 2016, the unfunded actuarial liability for the Fire & Police Supplemental Pension System was \$52.9 million, up from \$51.7 million, the prior year. The City's Net Pension Liability for the Plan, computed according to the new GASB methodology, was \$56.7 million, down from \$57.2 million the previous year. The City's proposed 2018 budget includes an additional .59% of payroll increase in funding for the Fire & Police Supplemental System. Individual financial reports for both plans are available on the City's web-site, at www.birminghamal.gov under Open Data, Finance

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 fiscal year 2016 the City entered into a settlement agreement with the Developer/Contractor for its baseball stadium and agreed to make payments, totaling \$2.6 million, from the Special Lodgings tax, after debt service, to the Developer/Contractor. The payments were scheduled through 2021. Due to the growth of the tax, subsequent to 2017 year-end the City made the final payment to the Developer/Contractor in the amount of \$816,982.56.

During the year, the City experienced an operating deficit of approximately \$3.6 million in its General Fund. This was less than the budgeted deficit of \$5.4 million. Revenues were under the original budget by approximately \$5.7 million, mainly the result of lower business license tax. Sales and use tax revenue increased by 3.7% over the previous year. Occupational tax gained 6.7%, lease/rental tax increased 2%, permits gained 17%, and fines and forfeitures decreased 15%. Business license revenue declined 9%, which was primarily due to increased collection efforts the prior year, which collected amounts owed from previous years. Expenses were under the original budget by approximately \$7.8 million due, in large part, to a decline in health care utilization. At the end of 2017, the City's Unassigned General Fund Balance was approximately \$83.9 million and the Birmingham Fund, a special reserve fund, ended the year with a fund balance of approximately \$89.1 million, an increase of \$1.3 million the previous year.

The City's healthcare plan is self-funded and the City accounts for its employee and 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 costs were less than budgeted. The City's proposed 2018 budget maintains employee premiums at the same level as 2017. During the year, the City contributed \$34.6 million for employee healthcare and prescription drug costs and \$2.1 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 \$65.8 million at June 30, 2017.

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting for the City's CAFR for the fiscal year ended June 30, 2016. 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 38 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, 2016, 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 under Open Data, Finance Department.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "J. Thomas Barnett, Jr.", is positioned above the printed name.

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, 2016

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, and 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, 2017, 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 1.0%, 1.3%, and 10.2% of the assets, net position, and revenues respectively of the aggregately 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. 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, the aggregate remaining fund information, and the respective budgetary comparison for the General Fund of the City, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof 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 13-22), schedule of changes in the plans' net pension liability and related ratios (pages 97-106), schedule of employer contributions (pages 97-106) and the schedule of funding progress-OPEB (page 107) 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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of revenues, expenditures, and changes in fund balances-budget and actual for the general fund, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of revenues, expenditures, and changes in fund balances-budget and actual for the general fund 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. In our opinion, 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 9, 2017

Bank, 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, 2017, 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 2-7 and the financial statements beginning on page 23.

Financial Highlights

- Total net position, which is for the City of Birmingham decreased by \$64 million during the past fiscal year.
- The liabilities of the City of Birmingham exceeded its assets at the close of June 30, 2017, by \$413 million, primarily due to net pension liability.
- The City of Birmingham's governmental funds reported combined ending fund balances of \$344.5 million as of June 30, 2017, an increase of \$14 million over the prior fiscal year, reflecting the addition of capitalized leases 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 23 & 24, 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 25 shows the changes in the City of Birmingham's net assets during the fiscal year ended June 30, 2017. 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 in or out 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. Different Funds are used to segregate resources due to legal constraints as to use and to account for specific activities. 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 2017, the City of Birmingham reported as major funds the General Fund, the Birmingham Fund, the Debt Reserve Fund, The Debt Service Fund, the Annual Appropriation Lease-2016 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 112 through 124 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 26 and 28 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 31 through 33 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 34 through 35 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 and health care benefits to its employees. This required supplementary information can be found in the notes to the financial statements for the pension funds beginning on page 97 of this report.

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

Table of Financial Statements

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

Government-Wide Condensed Financial Information

Net 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 \$135.2 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 \$64 million in fiscal year 2017. For additional details on the reconciliation between the two basis, see page 29 of this report.

The following table presents a condensed statement of the City's net position at June 30, 2017 and 2016:

CONDENSED STATEMENT OF NET POSITION
June 30, 2017 and 2016
(in thousands)

	Governmental Activities		Business-Type Activities		Totals	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and other assets	\$712,418	\$833,883	\$4,161	\$4,950	\$716,579	\$838,833
Capital assets, net	<u>675,703</u>	<u>614,622</u>	<u>4,344</u>	<u>4,386</u>	<u>680,047</u>	<u>619,008</u>
Total assets	<u>1,388,121</u>	<u>1,448,505</u>	<u>8,505</u>	<u>9,336</u>	<u>1,396,626</u>	<u>1,457,841</u>
Current and other liabilities	82,751	80,133	220	858	82,971	80,991
Long-term liabilities	<u>1,718,602</u>	<u>1,717,320</u>	<u>351</u>	<u>351</u>	<u>1,718,953</u>	<u>1,717,671</u>
Total liabilities	<u>1,801,353</u>	<u>1,797,453</u>	<u>571</u>	<u>1,209</u>	<u>1,801,924</u>	<u>1,798,662</u>
Net position:						
Net investment in capital assets	241,975	180,892	18	18	241,993	180,910
Restricted	135,178	146,904	-	-	135,178	146,904
Unrestricted	<u>(790,385)</u>	<u>(676,744)</u>	<u>7,916</u>	<u>8,109</u>	<u>(782,469)</u>	<u>(668,635)</u>
Net position	<u>(\$413,232)</u>	<u>(\$348,948)</u>	<u>\$7,934</u>	<u>\$8,127</u>	<u>(\$405,298)</u>	<u>(\$340,821)</u>

CONDENSED STATEMENT OF CHANGES IN NET POSITION
For Years Ended June 30, 2017 and 2016
(in thousands)

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
REVENUES:						
Program revenues:						
Charges for services	\$114,569	\$125,841	\$4,167	\$7,595	\$118,736	\$133,436
Operating grants	20,125	15,382	-	-	20,125	15,382
Capital grants	-	-	-	-	-	-
General revenues:						
Sales and use tax	165,321	160,897	-	-	165,321	160,897
Occupational tax	89,870	84,722	-	-	89,870	84,722
Property tax	59,139	58,570	-	-	59,139	58,570
Unrestricted grants and Contributions	27,974	24,125	-	-	27,974	24,125
Investment earnings	8,521	1,940	12	18	8,533	1,958
Other	7,800	20,152	-	1	7,801	20,153
	<u>493,319</u>	<u>491,629</u>	<u>4,179</u>	<u>7,614</u>	<u>497,499</u>	<u>499,243</u>
EXPENSES:						
Program expenses:						
General government	200,826	252,118	-	-	200,826	252,118
Public safety	221,095	218,603	4,372	6,561	225,468	225,164
Streets and sanitation	66,911	65,638	-	-	66,911	65,638
Culture and recreation	48,144	42,080	-	-	48,144	42,080
Interest on long-term debt	20,624	19,441	-	-	20,624	19,441
	<u>557,600</u>	<u>597,880</u>	<u>4,373</u>	<u>6,561</u>	<u>561,973</u>	<u>604,441</u>
Change in net position	(64,283)	(106,249)	(193)	1,052	(64,476)	(105,197)
Beginning net position	<u>(348,949)</u>	<u>(242,699)</u>	<u>8,127</u>	<u>7,075</u>	<u>(340,822)</u>	<u>(235,624)</u>
Ending net position	<u>(\$413,232)</u>	<u>(\$348,948)</u>	<u>\$7,934</u>	<u>\$8,127</u>	<u>(\$405,298)</u>	<u>(\$340,821)</u>

Fund Analysis

Changes in fund balances for the City's major governmental funds for the fiscal year ended June 30, 2017, are as follows:

	Beginning Balance	Increase (Decrease)	Ending Balance
General Fund	\$ 89,450	\$ (3,617)	\$ 85,833
Bond Debt Reserve	23,965	3,803	27,768
Bond Debt Service	(4)	4,769	4,765
Capital Improvement Fund	10,688	(5,928)	4,760
Birmingham Fund	87,803	1,305	89,108
2015-A Bonds	64,526	(6,917)	57,609
Annual Approp. Lease-2016	-	28,301	28,301
	<u>\$ 276,428</u>	<u>\$ 21,716</u>	<u>\$298,144</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 2017. The deficit was less than the budgeted deficit. The Fund Balance of the General Bond Debt Reserve increased due to increased tax collections. The Capital Improvement Fund Balance decreased due to expenditures from the Fund for on-going projects. The Birmingham Fund Balance increased due to improved investment earnings in excess of expenditures from the fund. The 2015-A Bonds Balance decreased due to disbursements of that series of bonds. The Annual Appropriation Lease-2016 increased due to the implementation of the leases and the receipt of the fund for the project.

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 28.

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, 2017, the City of Birmingham reported approximately \$676 million in net capital assets, including its infrastructure, for governmental activities. The City's Emergency Management Communication District reported approximately \$4.3 million in net capital assets. The notes to the financial statements, on pages 58 through 60, 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, 2017 was as follows (in thousands):

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 154,408	\$ 325	\$ -	\$ 154,733
Construction in progress	135,216	68,150	3,737	199,629
Land, infrastructure projects	16,647	-	-	16,647
Total nondepreciable capital assets	<u>306,271</u>	<u>68,475</u>	<u>3,737</u>	<u>371,009</u>
Capital assets, depreciable:				
Buildings and capital facilities	331,765	2,679	-	334,444
Furniture and other equipment	178,163	15,244	5,992	187,415
Infrastructure	220,337	-	-	220,337
Total depreciable capital assets	<u>730,265</u>	<u>17,923</u>	<u>5,992</u>	<u>742,196</u>
Less accumulated depreciation:				
Buildings and capital facilities	122,952	4,617	85	127,484
Furniture and other equipment	149,093	8,744	1,117	156,720
Infrastructure	149,869	3,429	-	153,298
Total accumulated depreciation	<u>421,914</u>	<u>16,790</u>	<u>1,202</u>	<u>437,502</u>
Net depreciable capital assets	<u>308,350</u>	<u>1,133</u>	<u>4,790</u>	<u>304,694</u>
Governmental activities, net capital assets	<u><u>\$ 614,622</u></u>	<u><u>\$ 69,608</u></u>	<u><u>\$ 8,527</u></u>	<u><u>\$ 675,703</u></u>

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
Business-type activities:				
Construction in progress	\$ 37	\$ 241	\$	\$ 278
Total nondepreciable capital assets	<u>37</u>	<u>241</u>		<u>278</u>
Buildings and other capital facilities	1,025	-	-	1,025
Furniture and other equipment	<u>7,254</u>	<u>-</u>	<u>-</u>	<u>7,254</u>
Total depreciable capital assets	<u>8,279</u>	<u>-</u>	<u>-</u>	<u>8,279</u>
Less accumulated depreciation:				
Buildings and other capital facilities	522	13		535
Furniture and other equipment	<u>3,406</u>	<u>272</u>	<u>-</u>	<u>3,678</u>
Total accumulated depreciation	<u>3,929</u>	<u>284</u>	<u>-</u>	<u>4,213</u>
Net depreciable capital assets	<u>4,350</u>	<u>(284)</u>	<u>-</u>	<u>4,065</u>
Business-type activities, net capital assets	<u>\$ 4,386</u>	<u>\$ (43)</u>	<u>\$ -</u>	<u>\$ 4,344</u>

Long-term Debt Activity

At June 30, 2017, the City of Birmingham had approximately \$542 million of outstanding debt, consisting of its bonds and warrants (including blended component unit debt); of this amount, approximately \$490 million is considered long-term. The notes to the financial statements, on pages 61-67, include additional details for the City's long-term debt activity.

<u>Governmental Activities</u>	<u>2017</u>	<u>2016</u>
Long Term Debt	\$ 542,236	\$ 513,291
Capitalized Leases	<u>69,140</u>	<u>9,470</u>
	<u>\$ 611,376</u>	<u>\$ 522,761</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 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 matured in 2017, 2018, 2020, 2023 and 2024. The referenced 2006-A

bonds were redeemed on October 1, 2016, in accordance with their terms. Net Present value savings was approximately \$1 million, or 3.8% of the principal amount of bonds refunded.

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. Energy savings are guaranteed by Trane, Inc.

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. Energy savings are guaranteed by Trane, Inc.

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 2014-D Bonds, resulting in a net present value savings of \$2,080,037, or 4.3% of the principal amount of bonds refunded.

On June 29, 2017, the City issued \$500,000 General Obligation Warrants and \$450,000 General Obligation Warrants. The proceeds will be used to fund a landfill design study and improvements to the Legion Field stadium.

Economic Factors Affecting the City of Birmingham and the 2017 Budget Information

The City considered several factors in preparing the City's budget for the 2017 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, Access/Open Data, Finance.

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 20th Street, Suite A-100
Birmingham, AL 35203



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Basic Financial Statements



City of Birmingham, Alabama
Statement of Net Position
June 30, 2017
(amounts expressed in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
CURRENT ASSETS:				
Unrestricted assets:				
Cash and investments	\$ 291,780	\$ 3,961	\$ 295,741	\$ 37,468
Cash with escrow agent	38,656	-	38,656	-
Receivables:				
Accrued interest	327	-	327	-
Accrued taxes receivable	30,552	-	30,552	-
Accounts (net of uncollectibles)	3,401	-	3,401	981
Notes (net of uncollectibles)	6	-	6	-
Loans	87	-	87	-
Due from other governments	4,272	-	4,272	-
Inventories	1,890	-	1,890	293
Prepaid items	608	-	608	612
Due from component unit	264	-	264	-
Other current assets	393	-	393	-
Restricted assets:				
Cash and cash equivalents	-	200	200	46,822
Investments	-	-	-	25,927
Accounts and grants receivable	-	-	-	1,343
Accrued interest receivable	-	-	-	1
TOTAL CURRENT ASSETS	372,236	4,161	376,397	113,447
NONCURRENT ASSETS:				
Other assets:				
Net pension asset	242	-	242	-
Capital assets:				
Land	171,380	-	171,380	186,620
Buildings and capital facilities	334,444	1,025	335,469	278,928
Furniture and other equipment	187,415	7,254	194,669	68,616
Accumulated depreciation	(284,204)	(4,213)	(288,417)	(223,661)
Infrastructure	220,337	-	220,337	218,127
Accumulated depreciation, infrastructure	(153,298)	-	(153,298)	-
Construction in progress	199,629	278	199,907	9,960
TOTAL NONCURRENT ASSETS	675,945	4,344	680,289	538,590
Total Assets:	1,048,181	8,505	1,056,686	652,037
Deferred outflows of resources	339,940	-	339,940	13,191
Total Assets and Deferred Outflows of Resources	1,388,121	8,505	1,396,626	665,228

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

City of Birmingham, Alabama
Statement of Net Position
June 30, 2017
(amounts expressed in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Liabilities				
CURRENT LIABILITIES:				
Payable from unrestricted assets:				
Accounts and vouchers payable	9,935	2	9,937	1,384
Contracts payable	425	42	467	-
Contracts payable - retainage	1,297	-	1,297	-
Accrued payroll and payroll taxes payable	6,685	-	6,685	178
Due to primary government	-	-	-	298
Estimated claims payable	11,436	-	11,436	-
Other liabilities	7,258	-	7,258	-
Unearned Revenue	-	-	-	59
Interest payable	5,246	-	5,246	-
Capitalized leases	1,748	176	1,924	-
Compensated absences	4,527	-	4,527	40
Bonds and warrants payable	34,194	-	34,194	-
Payable from restricted assets:				
Contracts payable	-	-	-	292
Accrued interest payable	-	-	-	4,786
Current portion of revenue bonds payable	-	-	-	7,086
TOTAL CURRENT LIABILITIES	82,751	220	82,971	14,123
LONG TERM LIABILITIES:				
Capitalized leases	69,140	351	69,491	-
Compensated absences	13,765	-	13,765	758
Bonds and warrants payable, net	508,042	-	508,042	175,558
Closure and postclosure costs	15,901	-	15,901	-
Workers' compensation claims payable	13,983	-	13,983	-
OPEB liability	65,828	-	65,828	-
Net pension liability	740,648	-	740,648	24,900
TOTAL LONG TERM LIABILITIES	1,427,307	351	1,427,658	201,216
Total Liabilities:	1,510,058	571	1,510,629	215,339
Deferred inflows of resources	291,295	-	291,295	9,189
Net Position				
Invested in capital assets, net of related debt	241,975	18	241,993	356,840
Restricted for:				
Restricted for debt service	88,618	-	88,618	24,042
Restricted for future projects	46,560	-	46,560	18,903
Unrestricted	(790,385)	7,916	(782,469)	40,915
Total Net Position:	\$ (413,232)	\$ 7,934	\$ (405,298)	\$ 440,700

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, 2017
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Primary Government			
				Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government							
Governmental Activities							
Public safety	\$ 221,095	\$ 22,009	\$ 10,053	\$ (189,034)	\$ -	\$ (189,034)	\$ -
Street and sanitation	66,911	379	-	(66,532)	-	(66,532)	-
Cultural and recreational	48,144	1,970	-	(46,175)	-	(46,175)	-
General government	200,826	90,211	10,072	(100,543)	-	(100,543)	-
Interest on Long Term Debt	20,624	-	-	(20,624)	-	(20,624)	-
Total Governmental Activities	557,600	114,569	20,125	(422,908)	-	(422,908)	-
Business-Type Activities:							
Emergency Management Communication District	4,372	4,167	-	-	(205)	(205)	-
Total Business-Type Activities	4,372	4,167	-	-	(205)	(205)	-
Total Primary Government:	<u>\$ 561,972</u>	<u>\$ 118,736</u>	<u>\$ 20,125</u>	<u>(422,908)</u>	<u>(205)</u>	<u>(423,113)</u>	<u>-</u>
Component Units							
Birmingham Airport Authority	46,252	43,829	4,937	-	-	-	2,515
Birmingham Parking Authority	5,540	5,618	-	-	-	-	77
Total Component Units:	<u>\$ 51,792</u>	<u>\$ 49,447</u>	<u>\$ 4,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,592</u>
Sales and use tax				165,321	-	165,321	-
Occupational tax				89,870	-	89,870	-
Property tax				59,139	-	59,139	-
Grants and contributions-unrestricted				27,974	-	27,974	-
Unrestricted investment earnings				8,521	12	8,533	231
Other				7,800	-	7,800	442
Total General Revenues, Special Items, and Transfers:				358,625	12	358,637	673
Change in Net Position:				(64,283)	(193)	(64,476)	3,265
Net Position - Beginning of Year as originally stated				(348,949)	8,127	(340,822)	438,964
Restatement				-	-	-	(1,529)
Net Position - Beginning of Year Restated				(348,949)	8,127	(340,822)	437,435
Net Position - Ending:				<u>\$ (413,232)</u>	<u>\$ 7,934</u>	<u>\$ (405,298)</u>	<u>\$ 440,700</u>

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

City of Birmingham, Alabama
Balance Sheet
Governmental Funds
June 30, 2017
(amounts expressed in thousands)

	General	Debt Reserve	Debt Service	Capital Improvement Fund	Birmingham Fund	2015-A Bonds	Annual Appropriation Lease-2016	Other Governmental Funds	Total Governmental Funds
Assets									
Cash and investments	\$ 65,335	\$ 27,547	\$ 4,765	\$ 4,941	\$ 88,864	\$ 58,009	\$ -	\$ 53,968	\$ 303,429
Cash with fiscal agent	-	-	-	-	-	-	28,301	10,347	38,648
Receivables:									
Accrued interest	22	24	-	2	244	24	-	11	327
Accrued taxes	29,963	197	-	-	-	-	-	391	30,551
Accounts (net of uncollectibles)	3,204	-	-	-	-	-	-	10	3,214
Notes (net of uncollectibles)	6	-	-	-	-	-	-	-	6
Loans	-	-	-	-	-	-	-	87	87
Due from other governments	3,761	-	-	-	-	-	-	511	4,272
Due from component units	264	-	-	-	-	-	-	-	264
Inventories	1,890	-	-	-	-	-	-	-	1,890
Prepaid Items	608	-	-	-	-	-	-	-	608
Other	393	-	-	-	-	-	-	-	393
Total Assets:	\$ 105,446	\$ 27,768	\$ 4,765	\$ 4,943	\$ 89,108	\$ 58,033	\$ 28,301	\$ 65,325	\$ 383,689
Liabilities, Deferred Inflows of Resources, and Fund Balances									
Liabilities:									
Bank overdrafts								16,392	\$ 16,392
Accounts and vouchers payable	\$ 5,174	\$ -	\$ -	\$ 24	\$ -	\$ 319	\$ -	\$ 1,165	\$ 6,682
Contracts payable	425	-	-	-	-	-	-	-	425
Contracts payable-retainage	-	-	-	88	-	105	-	1,104	1,297
Accrued payroll and payroll taxes payable	6,685	-	-	-	-	-	-	-	6,685
Unearned revenue	135	-	-	-	-	-	-	243	378
Other liabilities	7,194	-	-	70	-	-	-	44	7,308
Total Liabilities:	19,613	-	-	182	-	424	-	18,948	39,167
Fund Balances:									
Nonspendable:									
Inventory	1,890	-	-	-	-	-	-	-	1,890
Prepaid items	608	-	-	-	-	-	-	-	608
Spendable:									
Restricted:									
Debt Service	-	27,768	3,750	-	-	-	-	-	31,518
Capital Projects	-	-	-	4,761	-	64,526	-	51,283	120,570
Other	-	-	-	-	-	-	-	770	770
Assigned:									
Debt Service	-	-	1,015	-	-	-	-	-	1,015
Committed to:									
Stabilization	-	-	-	-	89,108	-	-	-	89,108
Neighborhood Improvements	-	-	-	-	-	-	-	8,336	8,336
Community Development	-	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-	-
Unassigned	83,335	-	-	-	-	(6,917)	28,301	(14,016)	90,703
Total Fund Balances:	85,833	27,768	4,765	4,761	89,108	57,609	28,301	46,373	344,518
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	\$ 105,446	\$ 27,768	\$ 4,765	\$ 4,943	\$ 89,108	\$ 58,033	\$ 28,301	\$ 65,321	\$ 383,685

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
June 30, 2017
(Amounts expressed in thousands)

Fund Balance - Total governmental funds	\$	344,518
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Amounts reported for governmental activities in the statement of net assets are different because:

Deferred revenues are not recognized until available in the funds.		403
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Deferred items related to debt issuance used in governmental are not current financial resources and therefore are not reported in the governmental funds balance sheet.		6,458
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		42,186
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Capital assets used in governmental activities are not current financial resources and therefore are not reported in the balance sheet.

Governmental capital assets	\$ 1,113,205	
Accumulated depreciation	(437,502)	675,703

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	(524,370)	
Interest accretion on capital appreciation bonds	(17,866)	
Capitalized leases	(70,888)	
Compensated absences	(18,292)	
Accrued interest payable	(5,246)	
Landfill closure cost	(15,901)	
OPEB liability	(65,828)	
Workers' Compensation claims payable	(13,983)	
Estimated claims payable	(11,436)	
Net pension obligation (net)	(740,406)	(1,484,216)

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.

1,716

Net position of governmental activities	\$	(413,232)
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City of Birmingham, Alabama
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	General	Debt Reserve	Debt Service	Capital Improvement Fund	Birmingham Fund	2015-A Bonds	Annual Appropriation Lease-2016	Other Governmental Funds	Total Governmental Funds
Revenues									
Taxes	\$ 290,095	\$ 31,703	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,676	\$ 327,474
Licenses and permits	80,625	-	-	-	-	-	-	-	80,625
Intergovernmental	14,423	-	-	-	-	-	-	33,349	47,772
Charges for services	16,231	-	-	-	-	-	-	274	16,505
Fines and forfeitures	1,960	-	-	-	-	-	-	1,139	3,099
Investment income	256	100	8	41	7,634	205	15	262	8,521
Other operating revenues	6,692	-	2	-	-	-	-	2,280	8,974
Total Revenues:	410,282	31,803	10	41	7,634	205	15	42,980	492,970
Expenditures									
Current Expenditures:									
Public safety:									
Police	97,255	-	-	-	-	-	-	1,179	98,434
Fire	63,434	-	-	-	-	-	-	45	63,479
Planning Engineering and Permits	13,070	-	-	-	-	-	-	1,709	14,779
Traffic Engineering	11,334	-	-	-	-	-	-	-	11,334
Municipal Court	6,685	-	-	-	-	-	-	1,919	8,604
Street and sanitation:									
Public Works	47,986	-	-	-	-	3,157	-	682	51,825
Nondepartmental	-	-	-	-	-	-	-	970	970
Cultural and recreational:									
Park and Recreation	17,089	-	-	-	-	12	-	196	17,297
Library	14,574	-	-	-	-	-	-	6	14,580
Arlington Historical Home	754	-	-	-	-	-	-	-	754
Boutwell Auditorium	1,532	-	-	-	-	-	-	-	1,532
Museum of Art	3,558	-	-	-	-	-	-	-	3,558
Sloss Furnace	1,029	-	-	-	-	-	-	-	1,029
Southern Museum of Flight	797	-	-	-	-	-	-	-	797
State Fairgrounds	4,482	-	-	-	-	-	-	182	4,664
Nondepartmental	-	-	-	-	-	-	-	6	6
General government:									
Finance	11,182	-	-	-	-	-	-	233	11,415
Equipment Management	14,956	-	-	-	-	-	-	-	14,956
Information Management Services	13,252	-	-	-	-	-	-	-	13,252
City Clerk	1,015	-	-	-	-	-	-	-	1,015
Community Development	914	-	-	-	-	-	-	9,396	10,310
Council Office	3,236	-	-	-	-	-	-	-	3,236
Legal	9,578	-	-	-	-	-	-	-	9,578
Mayors Office	9,244	-	-	-	-	-	-	254	9,498
Personnel	6,772	-	-	-	-	-	-	-	6,772
Nondepartmental	41,677	-	13	7,741	2,094	83	-	1,745	53,353
Municipal Court	-	-	-	-	-	-	-	159	159
Debt Service:									
Principal	12,883	-	13,943	-	-	-	-	7,078	33,904
Interest and fees	3,812	-	9,285	-	-	-	-	3,775	16,872
Capital Outlay:									
Capital outlays	697	-	-	2,832	-	3,870	33,132	37,005	77,536
Total Expenditures:	412,797	-	23,241	10,573	2,094	7,122	33,132	66,539	555,498
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(2,515)	31,803	(23,231)	(10,532)	5,540	(6,917)	(33,117)	(23,559)	(62,528)
Other financing sources (uses)::									
Issuance of debt	-	-	-	-	-	-	-	14,680	14,680
Proceeds from capital lease	-	-	-	-	-	-	61,418	-	61,418
Transfers in	4,433	-	28,000	4,718	-	-	-	3,982	41,133
Transfers out	(5,534)	(28,000)	-	(113)	(4,234)	-	-	(3,252)	(41,133)
Total Other financing sources (uses)::	(1,101)	(28,000)	28,000	4,605	(4,234)	-	61,418	15,410	76,098
Net Change in Fund Balances:	(3,616)	3,803	4,769	(5,927)	1,306	(6,917)	28,301	(8,150)	13,570
Fund Balances - Beginning	89,449	23,965	(4)	10,687	87,804	64,526	-	54,521	330,948
Fund Balances - Ending:	\$ 85,833	\$ 27,768	\$ 4,765	\$ 4,760	\$ 89,110	\$ 57,609	\$ 28,301	\$ 46,372	\$ 344,518

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

City of Birmingham, Alabama
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2017
(Amounts expressed in thousands)

Net increase in fund balances - total governmental funds	\$	13,570
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Governmental funds report capital outlays as expenditures. In the statement of activities, however, these costs are allocated over their estimated useful lives and reported as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the current period.		Capital Outlay Depreciation	76,671 (15,588)	61,083
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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.		33,802
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Issuance of new debt		(75,913)
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Interest accretion on capital appreciation bonds		(4,868)
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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	(1,219)	
Change in closure and post closure costs	(426)	
Change in estimated claims	(395)	
Amortization of premium and discount	3,138	
Amortization of deferred charges	(2,662)	
Change in interest payable	(1,016)	
Change in workers compensation	2,404	
Change in OPEB	(15,546)	
Pension expense, current year increase/(decrease)	(77,667)	(93,389)

Revenue not recognized until future years		1,244
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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.

188

Increase (Decrease) in net position of governmental activities	\$	(64,283)
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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, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 286,168	\$ 286,269	\$ 290,095	\$ 3,826
Licenses and permits	89,467	89,467	80,625	(8,842)
Intergovernmental	12,374	13,460	14,423	963
Charges for services	18,167	18,167	16,231	(1,936)
Fines and forfeitures	2,072	2,072	1,960	(112)
Investment income	200	200	256	56
Other operating revenues	7,756	7,762	6,692	(1,070)
Total Revenues:	416,204	417,397	410,282	(7,115)
Expenditures				
Current Expenditures:				
Public safety:	190,475	190,332	191,778	(1,446)
Street and sanitation:	46,606	47,125	47,986	(861)
Cultural and recreational:	46,129	46,195	43,815	2,380
General government:	121,524	123,723	111,826	11,897
Debt Service:				
Principal	11,257	12,604	12,883	(279)
Interest and fees	3,720	3,720	3,812	(92)
Capital Outlay:				
Capital outlays	1,368	821	697	124
Total Expenditures:	421,079	424,520	412,797	11,723
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(4,875)	(7,123)	(2,515)	4,608
Other financing sources (uses)::	(547)	(1,130)	(1,101)	29
Net Change in Fund Balances:	(5,422)	(8,253)	(3,616)	4,637
Fund Balances - Beginning	89,449	89,449	89,449	-
Fund Balances - Ending:	\$ 84,027	\$ 81,196	\$ 85,833	\$ 4,637

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, 2017
(amounts expressed in thousands)

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund-E911 Communications District</u>	<u>Internal Service Fund</u>
Assets		
Current assets:		
Cash and investments	\$ 3,961	\$ 4,753
Total Current assets:	<u>3,961</u>	<u>4,753</u>
Restricted assets:		
Cash and cash equivalents	200	-
Accounts and grants receivable	-	187
Total Restricted assets:	<u>200</u>	<u>187</u>
Property, plant, and equipment:		
Buildings and systems	1,303	-
Machinery and equipment	6,443	-
Furniture and fixtures	811	-
Less accumulated depreciation	<u>(4,213)</u>	<u>-</u>
Total Property, plant, and equipment:	<u>4,344</u>	<u>-</u>
Total Assets:	<u>8,505</u>	<u>4,940</u>
Liabilities		
Current liabilities:		
Accounts payable	44	3,224
Capitalized leases	176	-
Total Current liabilities:	<u>220</u>	<u>3,224</u>
Long Term liabilities:		
Capitalized leases	351	-
Total Long Term liabilities:	<u>351</u>	<u>-</u>
Total Liabilities:	<u>571</u>	<u>3,224</u>
Net Position		
Invested in capital assets	18	-
Unrestricted	7,916	1,716
Total Net Position:	<u>\$ 7,934</u>	<u>\$ 1,716</u>

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, 2017
(amounts expressed in thousands)

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>Enterprise Fund-E911 Communications District</u>	<u>Internal Service Fund</u>
Operating Revenues		
Service fees	\$ 4,167	\$ -
Employer contributions:		
City contributions to employee health insurance	-	34,610
Employee contributions:		
Employee health deductions	-	10,021
Rebates:		
Prescription drug rebate	-	256
Retiree health insurance and city contributions	-	4,018
Total Operating Revenues:	<u>4,167</u>	<u>48,905</u>
Operating Expenses		
Public safety	2,633	-
General and administrative:		
Enterprise	650	-
Internal Services:		
Blue Cross Claims	-	27,161
Express Scripts Claims	-	13,360
Stop Loss Premium	-	850
Admin Fees - BCBS	-	1,476
Express Scripts Fees	-	50
Behavioral Health Fees	-	785
Blue Cross Claims - Retirees	-	1,821
Express Script Claims - Retirees	-	2,969
Stop Loss Premium - Retirees	-	54
Admin Fees - BCBS Retirees	-	147
Express Script Fees - Retirees	-	44
Repairs and maintenance	805	-
Depreciation	284	-
Total Operating Expenses:	<u>4,372</u>	<u>48,717</u>
Operating Income (Loss):	<u>(205)</u>	<u>188</u>
Nonoperating Revenues (Expenses)		
Interest income	12	-
Total Nonoperating Revenues (Expenses):	<u>12</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers:	<u>(193)</u>	<u>188</u>
Change in Net Position:	<u>(193)</u>	<u>188</u>
Total Net Position - Beginning	8,127	1,528
Total Net Position - Ending:	<u>\$ 7,934</u>	<u>\$ 1,716</u>

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

City of Birmingham, Alabama
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017
(in thousands)

	<u>Business-type activities</u>	<u>Governmental activities</u>
	<u>Enterprise Fund - E911 Communications District</u>	<u>Internal Service Fund - Healthcare Plan</u>
Cash flows from operating activities:		
Cash received from customers	\$ 4,167	\$ 48,904
Cash payments to suppliers	(4,622)	(48,905)
Cash payments to employees	(105)	-
Change in accounts receivable	-	(187)
Net cash from operating activities	<u>(560)</u>	<u>(188)</u>
Cash flows from (used for) capital financing activities:		
Acquisition of capital assets	(241)	-
Cash flows from investing activities:		
Interest received	<u>12</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(789)	(188)
Cash and investments, beginning of year	4,950	4,941
Cash and investments, end of year	<u><u>\$ 4,161</u></u>	<u><u>\$ 4,753</u></u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating income (loss)	(205)	188
Adjustments to reconcile operating gain (loss) to net cash used by operating activities:		
Depreciation	284	-
Change in accounts receivable	-	(188)
Change in accounts payable	(639)	(188)
Net cash from operating activities	<u><u>\$ (560)</u></u>	<u><u>\$ (188)</u></u>

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

City of Birmingham, Alabama
Statement of Fiduciary Net Position
June 30, 2017
(amounts expressed in thousands)

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 33,937
Receivables:	13,431
Investments, at fair value:	1,050,985
Total Assets:	<u>1,098,353</u>
Liabilities	
Accounts payable and other	<u>639</u>
Total Liabilities:	<u>639</u>
Net Position	
Held in trust for future pension benefits	<u>1,097,714</u>
Total Net Position:	<u><u>\$ 1,097,714</u></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
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	<u>Pension Trust Funds</u>
Additions	
Additions:	
Contributions:	
Employer Contributions	\$ 20,922
Plan member contributions	18,399
Investment income:	
Investment earnings	118,089
Securities lending	1,050
Security litigation	13
Other income	394
Total Additions:	<u>158,867</u>
Total Additions:	<u>158,867</u>
Deductions	
Deductions:	
Benefits	95,088
Refunds of contributions	2,658
Administrative expenses	1,709
Investment expenses	3,399
Total Deductions:	<u>102,854</u>
Total Deductions:	<u>102,854</u>
Change in Net Position:	56,013
Net Position - Beginning	<u>1,041,701</u>
Net Position - Ending:	<u><u>\$ 1,097,714</u></u>

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

City of Birmingham, Alabama
Combining Statement of Net Position
Nonmajor Component Units
June 30, 2017
(amounts expressed in thousands)

	Birmingham Airport Authority	Birmingham Parking Authority	Total Nonmajor Component Units
Assets and Deferred Outflows of Resources			
Assets:			
CURRENT ASSETS:			
Unrestricted assets:			
Cash and investments	\$ 34,431	\$ 3,037	\$ 37,468
Receivables:			
Accounts (net of uncollectibles)	873	107	980
Inventories	293	-	293
Prepaid items	520	92	612
Restricted assets:			
Cash and cash equivalents	46,822	-	46,822
Investments	25,927	-	25,927
Accounts and grants receivable	1,343	-	1,343
Accrued interest receivable	1	-	1
TOTAL CURRENT ASSETS	110,210	3,236	113,446
NONCURRENT ASSETS:			
Other assets:			
Capital assets::			
Land	183,489	3,131	186,620
Buildings and capital facilities	278,928	-	278,928
Furniture and other equipment	67,199	1,417	68,616
Accumulated depreciation	(222,574)	(1,087)	(223,661)
Infrastructure	218,127	-	218,127
Construction in progress	9,960	-	9,960
TOTAL NONCURRENT ASSETS	535,129	3,461	538,590
Total Assets:	645,339	6,697	652,036
Deferred outflows of resources	13,191	-	13,191
Total Assets and Deferred Outflows of Resources:	658,530	6,697	665,227
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities:			
CURRENT LIABILITIES:			
Payable from unrestricted assets:			
Accounts and vouchers payable	1,311	73	1,384
Accrued payroll and payroll taxes payable	-	178	178
Due to primary government	-	298	298
Unearned Revenue	-	59	59
Compensated absences	-	40	40
Payable from restricted assets:			
Contracts payable	292	-	292
Accrued interest payable	4,786	-	4,786
Current portion of revenue bonds payable	6,930	156	7,086
TOTAL CURRENT LIABILITIES	13,319	804	14,123
LONG TERM LIABILITIES:			
Compensated absences	529	229	758
Bonds and warrants payable, net	175,557	-	175,557
Net pension liability	24,900	-	24,900
TOTAL LONG TERM LIABILITIES	200,986	229	201,215
Total Liabilities:	214,305	1,033	215,338
Deferred inflows of resources	9,189	-	9,189
Net Position:			
Invested in capital assets, net of related debt	353,535	3,305	356,840
Restricted for:			
Restricted for debt service	24,042	-	24,042
Restricted for future projects	18,903	-	18,903
Unrestricted	38,556	2,359	40,915
Total Net Position:	435,036	5,664	440,700
Total Liabilities, Deferred Inflows of Resources, and Net Position:	\$ 658,530	\$ 6,697	\$ 665,227

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

City of Birmingham, Alabama
Combining Statement of Activities
Nonmajor Component Units
For the Year Ended June 30, 2017
(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
Nonmajor Component Units						
Birmingham Airport Authority:						
Birmingham Airport Authority	46,251	\$ 43,829	\$ 4,937	2,515	\$ -	\$ 2,515
Total Birmingham Airport Authority	46,251	43,829	4,937	2,515	-	2,515
 Birmingham Parking Authority:						
Birmingham Parking Authority	5,540	5,618	-	-	77	77
Total Birmingham Parking Authority	5,540	5,618	-	-	77	77
Total Nonmajor Component Units	<u>\$ 51,791</u>	<u>\$ 49,447</u>	<u>\$ 4,937</u>	<u>2,515</u>	<u>77</u>	<u>2,592</u>
Unrestricted investment earnings				239	(8)	231
Other				442	-	442
Total General Revenues, Special Items, and Transfers:				681	(8)	673
Change in Net Position:				3,196	69	3,265
Net Position - Beginning of Year as originally stated				433,369	5,595	438,964
Restatement				(1,529)	-	(1,529)
Net Position - Beginning of Year Restated				431,840	5,595	437,435
Net Position - Ending:				<u>\$ 435,036</u>	<u>\$ 5,664</u>	<u>\$ 440,700</u>

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

I. Organization and Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statements present the City and its component units, entities for which the City of Birmingham is considered to be financially accountable (the City 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, 2017, totaled \$4,520,505.

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, 2017

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

The Birmingham Emergency Communication District (BECD) is a non-profit corporation formed under the provisions of the Code of Alabama on January 31st, 2017, and is governed by a board of commissioners composed of the members of the Birmingham City Council. The District is responsible for providing emergency telephone services to citizens and others within the geographical area of the Corporation. Because the governing bodies of the BECD and the City are comprised of the same members and the nature and significance of its relationship with the City, the District will be included as a component unit in future financial statements. The BECD's fiscal year ends September 30.

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

Birmingham Airport Authority	Birmingham Parking Authority
5900 Airport Highway	1732 5 th Avenue North
Birmingham, Alabama 35222	Birmingham, Alabama 35203
Financial statement date: June 30, 2017	Financial statement date: June 30, 2017

Birmingham Emergency Communication District
711 19th Street North
Birmingham, Alabama 35203
Financial statement date: September 30, 2017

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 2017, 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 (BECD will be presented in future years). 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.

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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 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.

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

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

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

The City of Birmingham reports the following major governmental funds:

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

The *General Bond Debt Reserve Fund* accounts for the receipt of property taxes earmarked for debt service 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 *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). This proprietary fund formed as a non-profit corporation under the provisions of the Code of Alabama on January 31st, 2017; therefore, the EMCD operations as a proprietary fund reflected in these financial statements are for the period July 1, 2016 to January 31, 2017.

The *Internal Service Fund* provides self-insured health benefits to the City's employees and retirees. The fund collects deductions from employees and the City contributes a portion of the cost as well. Additionally, if there are any shortages, the City covers this cost.

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*.

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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 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, 2017, consisting of the following:

	Governmental Activities	Business - Type Activities	Total Primary Government
Taxes Receivable	\$ 31,146,584	-	\$ 31,146,584
Customers and Other	10,164,739	-	10,164,739
Other Governments	4,535,606	-	4,535,606
Gross Receivable	45,846,929	-	45,846,929
Less: allowance for Uncollectible	(6,951,031)	-	(6,951,031)
Net Receivable	<u>\$ 38,895,899</u>	-	<u>\$ 38,895,899</u>

City of Birmingham, Alabama
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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 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, 2017 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 acquisition 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

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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.
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.

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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 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

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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.

10. Recently issued pronouncements

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. 83, *Certain Asset Retirement Obligations* was issued to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of GASB 83 are effective for fiscal years beginning after June 15, 2018. The City is currently evaluating the impact GASB 83 may have on its financial statements.

The GASB issued Statement No. 84, *Fiduciary Activities* was issued to establish criteria for identifying fiduciary activities of all state and local governments. The requirements of GASB 84 are effective for fiscal years beginning after December 15, 2018. The City is currently evaluating the impact GASB 84 may have on its financial statements.

The GASB issued Statement No. 85, *Omnibus 2017* was issued to address practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of GASB 85 are effective for fiscal years beginning after June 15, 2017. The City is currently evaluating the impact GASB 85 may have on its financial statements.

The GASB issued Statement No. 86, *Certain Debt Extinguishment Issues* was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of

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extinguishing debt. The requirements of GASB 86 are effective for fiscal years beginning after June 15, 2017. The City is currently evaluating the impact GASB 86 may have on its financial statements.

The GASB issued Statement No. 87, *Leases* was issued to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of GASB 87 are effective for fiscal years beginning after December 15, 2019. The City is currently evaluating the impact GASB 87 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, 2017 are as follows:

Special Revenue Funds

Grants Fund	\$15,612,828
Correction Fund	10,296
HUD Block Grant Fund	1,245,678

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The deficit in the Grants Fund and the HUD Block Grant Fund resulted from expenses incurred for projects that were not reimbursed by Grantors at June 30, 2017. These deficits will be resolved when grant reimbursements are received in the future. The deficit in the Correction Fund was a result of expenditures exceeding revenues in that fund.

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, 2017, the carrying amount of the Pension Plans' demand deposits, certificates of deposits, and money market investments in all funds was \$34,648,551.

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). 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.

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Investments Measured at Fair Value				
		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)
6/30/2017				
Retirement & Relief System				
Investment Type	Fair Value	Weighted Avg Maturity (Years)		
U.S. Govt. Agency Obligations	33,880,239	4.15		33,880,239
U.s. Treasuries	58,154,609	8.63	58,154,609	
U.S. Corporate Debt	127,282,198	7.04		127,282,198
U.S. Corporate Stock	710,989,384		710,989,384	
Alternative Investments	78,563,027			78,563,027
Total fair value	1,008,869,457		769,143,993	161,162,437 78,563,027

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)
6/30/2017				
Firemens & Policemens Supplemental Pension				
Investment Type	Fair Value	Weighted Avg Maturity (Years)		
U.S. Govt. Agency Obligations	1,472,971	16.44		1,472,971
U.s. Treasuries	578,047	8.72	578,047	
U.S. Corporate Debt	7,806,629	5.25		7,806,629
U.S. Corporate Stock	26,523,231		26,523,231	
Alternative Investments	5,734,839			5,734,839
Total fair value	42,115,717		27,101,278	9,279,600 5,734,839

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

Investments Measured at the NAV

Mesirow Financial -Multi-manager/Multi-strategy Fund of hedge funds

Fund	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Retirement & Relief	\$78,563,027	Quarterly	95 days
Fire & Police Supplemental	\$4,020,346	Quarterly	95 days

Mesirow Financial Multi-manager/Multi-strategy Fund of hedge funds. This type includes investment 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.

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STRATEGY ALLOCATION AS OF 7/1/2017	
Mesirow Institutional Multi-Strategy Fund, L.P.	
STRATEGY	%
Credit	28.98
Long / Short Credit	4.41
Long-Biased Credit	14.68
Sovereign Credit	1.22
Structured Credit	8.67
Event	10.75
Event Equity	2.27
Merger Arb	0.98
Multi-Strategy Event	4.48
Reinsurance	3.02
Hedged Equity	24.75
Long-Biased Equity	4.17
Loose Neutral Equity	4.54
Opportunistic Equity	13.85
Short-Biased Equity	2.20
Macro & Commodity	7.56
Diversified Global Macro	7.56
Multi Strategy	6.12
Multi-Strategy	6.12
Relative Value	17.44
Multi-Strategy Relative Value	10.79
Strict Market Neutral	4.59
Volatility Arbitrage	2.05
Liquidating/Cash	4.40
Liquidating	2.79
Cash	1.61

Blackstone Real Estate Income Fund II (BREIF)

Fund	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fire & Police Supplemental	\$1,714,493	Quarterly	95 days

Strategy Overview

BREIF seeks to generate long-term total return, with an emphasis on current income, by primarily investing in a broad range of real estate debt investments. At least 80% of BREIF's Managed Assets will be invested in liquid investments in public and private real estate debt, including, but not limited to, commercial mortgage backed securities ("CMBS"), mortgages, loans, mezzanine and other forms of debt and equity interests in collateralized debt obligation vehicles ("CDOs"), collateralized loan obligation vehicles ("CLOs"), real estate investment trusts ("REITs"), listed vehicles and other entities that invest in real estate debt as one of their core businesses.

BREIF Portfolio Snapshot

Data as of July 31, 2017

Avg Price	\$91.85	Derivatives %	24.9%
Avg Coupon	5.2%	Portfolio Leverage ²	23.7%
Avg Loan to Value	59.1%	Total Investments	177
Hedged Duration ¹	0.2 years	Top 10 AUM %	28.2%
Avg Maturity	4.7 years	Non-US %	6.7%

Ratings Distribution³



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Retirement & Relief System

The investment policy for the 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 Plan invests in mortgage-backed securities, representing collateralized mortgage obligations (CMO) with a fair value of \$2,660,765. Mortgage-backed securities are based on cash flows from the collection of mortgages. Prepayments arise when, for example, mortgage holders redeem their mortgages early. The investor's investment is returned early, or in extreme cases not returned at all. Mortgage-backed securities may be considered to be investments with terms that may cause their fair values to be highly sensitive to interest rate changes.

Credit Risk

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, 2017:

Retirement & Relief System

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Govt Agency Discount		
Notes, Bonds	AA	\$ 92,034,848
U.S. Corporate Bonds:		
	AAA	\$ 2,419,380
	AA	13,668,848
	A	47,010,923
	BBB	29,488,841
	BB	22,452,030
	B	12,193,633
	CCC	\$ <u>48,543</u>
		<u>127,282,198</u>
		\$ <u>219,317,046</u>

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Concentration of Credit Risk

A concentration in credit risk exists when investments in any one type 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 investments held at June 30, 2017, 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 manage the securities lending program and received both cash and domestic bonds as collateral. The collateral securities cannot be pledged nor 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 for the client as of June 30, 2017 was \$205,229,611 and \$200,071,208 respectively.

Firemen's and Policemen's Supplemental Pension System

The investment policy for the Firemen's and Policemen's Supplemental Pension 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 Plan invests in mortgage-backed securities, representing collateralized mortgage obligations (CMO) with a fair value of \$116,575, and U.S. government agency obligations with a fair value of \$994,042. 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.

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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, 2017:

Firemens & Policemens Supplemental Pension

<u>Description</u>	<u>Rating</u>		<u>Fair Value</u>
U.S. Govt Agency Discount Notes, Bonds	AA		\$ 2,051,018
U.S. Corporate Bonds:	AAA	101,197	
	AA	478,281	
	A	1,592,146	
	BBB	2,437,737	
	BB	945,034	
	B	2,252,234	
			<u>7,806,629</u>
			\$ <u>9,857,647</u>

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

A. Deposits and Investments

Deposits

At June 30, 2017, the carrying amount of the City's demand deposits, certificates of deposits, and money market investments in all funds was \$200,917,261 and the bank balance was \$224,887,172.

City of Birmingham, Alabama
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Financial institutions utilized as depositories by the City must provide evidence of its designation by the Alabama State Treasurer as a qualified public depository (QPD) under the Security of Alabama Funds Enhancement Act (SAFE). The depository (QPD) is required to hold collateral for all its public depositories on a pooled basis in a custody account is 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, 2017 the City of Birmingham had the following investments:

Investments Measured at Fair Value

BOND RESERVE FUND

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Avg Maturity (Years)</u>			
U.S. Govt. Agency Obligations	2,943,418	11.12	-	2,943,418	-
U.S. Treasuries	2,861,510	2.49	2,861,510	-	-
U.S. Corporate Debt	-		-	-	-
U.S. Corporate Stock	-		-	-	-
Alternative Investments	-		-	-	-
Total fair value	5,804,929		2,861,510	2,943,418	-

GENERAL FUND AND OTHER GOVERNMENTAL FUNDS - *There were no investment holdings as of 6/30/2017*

The City invests in mortgage-backed securities, in the Birmingham Fund, representing U.S. government agency obligations with a fair value of \$1,069,994. 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.

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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, 2017:

BIRMINGHAM FUND

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Govt Agency Discount Notes, Bonds	AA	\$ 13,558,961
U.S. Corporate Bonds:	AAA	446,869
	AA	4,133,569
	A	8,179,637
	BBB	7,823,152
		<u>20,583,227</u>
		\$ <u>34,142,188</u>

BOND RESERVE FUND

<u>Description</u>	<u>Rating</u>	<u>Fair Value</u>
U.S. Govt Agency Obligations And U.S. Treasuries	AA	\$ <u>5,804,929</u>
		\$ <u>5,804,929</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.

There were no single corporate credit investments held at June 30, 2017, which represented 5 percent or more of total investments.

City of Birmingham, Alabama
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B. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows (in thousands):

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 154,408	\$ 325	\$ -	\$ 154,733
Construction in progress	135,216	68,150	3,737	199,629
Land, infrastructure projects	<u>16,647</u>	<u>-</u>	<u>-</u>	<u>16,647</u>
Total nondepreciable capital assets	<u>306,271</u>	<u>68,475</u>	<u>3,737</u>	<u>371,009</u>
Capital assets, depreciable:				
Buildings and capital facilities	331,765	2,679	-	334,444
Furniture and other equipment	178,163	15,244	5,992	187,415
Infrastructure	<u>220,337</u>	<u>-</u>	<u>-</u>	<u>220,337</u>
Total depreciable capital assets	<u>730,265</u>	<u>17,923</u>	<u>5,992</u>	<u>742,196</u>
Less accumulated depreciation:				
Buildings and capital facilities	122,952	4,617	85	127,484
Furniture and other equipment	149,093	8,744	1,117	156,720
Infrastructure	<u>149,869</u>	<u>3,429</u>	<u>-</u>	<u>153,298</u>
Total accumulated depreciation	<u>421,914</u>	<u>16,790</u>	<u>1,202</u>	<u>437,502</u>
Net depreciable capital assets	<u>308,350</u>	<u>1,133</u>	<u>4,790</u>	<u>304,694</u>
Governmental activities, net capital assets	<u>\$ 614,622</u>	<u>\$ 69,608</u>	<u>\$ 8,527</u>	<u>\$ 675,703</u>

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 \$38,091; land 27,049; buildings and capital facilities \$939,395; and furniture and other equipment \$174,625 for a total increase in zoo fixed assets of \$1,179,160. Accumulated depreciation was increased by \$1,579,576 related to these assets.

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

City of Birmingham, Alabama
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PACE owns certain buildings and capital facilities, such as the Regions Field and the Negro Southern League Baseball Museum.

The following table applies to the E911 Fund:

	<u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2017</u>
Business-type activities:				
Construction in progress	\$ 37	\$ 241	\$ -	\$ 278
Total nondepreciable capital assets	<u>37</u>	<u>241</u>	<u>-</u>	<u>278</u>
Buildings and other capital facilities	1,025	-	-	1,025
Furniture and other equipment	<u>7,254</u>	<u>-</u>	<u>-</u>	<u>7,254</u>
Total depreciable capital assets	<u>8,279</u>	<u>-</u>	<u>-</u>	<u>8,279</u>
Less accumulated depreciation:				
Buildings and other capital facilities	522	13		535
Furniture and other equipment	<u>3,406</u>	<u>272</u>	<u>-</u>	<u>3,678</u>
Total accumulated depreciation	<u>3,929</u>	<u>284</u>	<u>-</u>	<u>4,213</u>
Net depreciable capital assets	<u>4,350</u>	<u>(284)</u>	<u>-</u>	<u>4,065</u>
Business-type activities, net capital assets	<u>\$ 4,386</u>	<u>\$ (43)</u>	<u>\$ -</u>	<u>\$ 4,344</u>

City of Birmingham, Alabama
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Depreciation expense was charged to the following functions (in thousands):

Governmental activities:

Public safety, including depreciation of infrastructure assets	\$ 7,633
Streets and sanitation	2,548
Cultural and recreation	2,974
General government	<u>3,635</u>
Total depreciation - governmental activities	<u>\$ 16,790</u>

Business-type activities:

E-911 operations	<u>\$ 284</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, 2017, is as follows (in thousands):

<u>Transfers Out</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Totals</u>
General Fund	\$ -	\$ -	\$ 4,618	\$ 916	\$ 5,534
Debt Reserve	-	28,000	-	-	28,000
Capital Imp Fund	113	-	-	-	113
Birmingham Fund	4,234	-	-	-	4,234
Non-Major Funds	<u>87</u>	<u>-</u>	<u>100</u>	<u>3,065</u>	<u>3,252</u>
	<u>\$ 4,434</u>	<u>\$ 28,000</u>	<u>\$ 4,718</u>	<u>\$ 3,981</u>	<u>\$ 41,133</u>

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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 against the bonds. The bonds outstanding at **June 30, 2017**, are as follows (in thousands):

<u>Bond Series/Interest Rate</u>	<u>Maturity</u>	
2007-A; 4%-5%	12/01/2032	\$ 48,905
2013-A; 1.36%-5%	03/01/2043	67,164
2013-B; 4%	03/01/2034	2,690
2014-A; 3%-5%	12/1/2032	44,980
2015WFB; 4.574%	11/01/2023	17,975
2015B; 1.881% - 4.533%	03/01/2045	15,430
2015A-1; 5%	03/01/2045	38,052
2015A-2; 2% - 5%	03/01/2035	23,205
2016-A	04/01/2023	15,095
2016-C; 4.27%	04/01/2022	16,040
2016-D; 3.89% - 3.92%	12/01/2024	12,120
2016TMC; 11.75%	03/01/2036	<u>2,431</u>
	Total	\$ <u>304,087</u>
Accreted Interest		
2013-A	03/01/2043	\$ 14,066
2015A-1	03/01/2045	3,087
2016TMC	03/01/2036	<u>713</u>
		\$ <u>321,953</u>

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

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$15,585	\$12,510
2019	16,314	12,274
2020	11,180	13,989
2021	10,040	13,618
2022	9,073	13,218
2023 - 2027	56,610	59,418
2028 - 2032	79,390	43,444
2033 - 2037	45,056	28,860
2038 - 2042	41,542	20,652
2043 - 2045	<u>19,298</u>	<u>5,159</u>
	<u>\$304,087</u>	<u>\$223,143</u>

City of Birmingham, Alabama
Notes to the Financial Statements
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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. The warrants outstanding at June 30, 2017, are as follows (in thousands):

<u>Series/Interest Rate</u>	<u>Maturity</u>		
2009-A; 3%-4.5%	06/01/2026	\$	10,295
2010-A; 2%-4.5%	02/01/2018		9,890
2010-B; 4.2%-7%	02/01/2040		39,115
2012-RB; 3.99%	08/01/2025		4,025
2012-CTB; 4.375%	08/01/2022		585
2014-PNC; 1.55%	04/01/2020		2,215
2014-PNC2; 1.15%	03/01/2018		1,155
2014-B; 3%-5%	03/01/2033		39,740
2014-PNC3; 1.54%	10/01/2018		515
2016 Equipment & Public Improvement, 1.28-1.50%	08/01/2022		13,618
2017 Compass variable	06/22/2019		450
2017 Citizens	06/22/2019		500
Total City Warrants		\$	<u>122,103</u>

Revenue Warrants:

2014 Tax Increment Financing: 2.89%	09/01/2028	\$	<u>14,853</u>
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Total Warrants and Revenue Warrants \$ 136,956

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

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$16,764	\$4,877
2019	10,766	4,287
2020	9,785	4,005
2021	9,274	3,712
2022	9,515	3,421
2023 - 2027	37,184	12,715
2028 - 2032	24,113	6,338
2033 - 2037	12,295	2,688
2038 - 2040	<u>7,260</u>	<u>566</u>
	<u>\$136,956</u>	<u>\$ 42,608</u>

City of Birmingham, Alabama
Notes to the Financial Statements
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PACE Bonds:

<u>Series/Interest Rate</u>	<u>Maturity</u>	
2011-A (PACE) 4.00% (see Table F-3)	10/01/2041	\$ 49,090
2011-B (PACE) 4.00% (see Table F-3)	10/01/2041	7,510
2016 (PACE) 3.00% (see Table F-5)	04/01/2020	<u>240</u>
		\$ <u>56,840</u>

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

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$1,845	\$1,887
2019	1,920	1,825
2020	1,905	1,762
2021	1,930	1,698
2022	1,995	1,632
2023 - 2027	10,980	7,523
2028 - 2032	8,915	9,138
2033 - 2037	11,775	6,205
2038 - 2042	<u>15,575</u>	<u>2,324</u>
	<u>\$ 56,840</u>	<u>\$ 33,994</u>

* The PACE is a public corporation that was created in August of 2011. The PACE's structure qualified as a blended component unit of the City upon its creation. The PACE holds debt related to the construction of a baseball stadium and beginning bonds and warrants payable includes an adjustment of \$62,920,000. PACE is a Blended Component Unit. See Table F-3 for a detail of this debt.

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Total outstanding bonds and warrants payable (in thousands):	
Bonds payable	\$ 304,087
Warrants payable	122,103
Revenue warrants	14,853
PACE Bonds payable	<u>56,840</u>
	\$ 497,883
Less current maturities	(34,194)
Unamortized premium and discount	<u>26,488</u>
Total bonds and warrants payable (noncurrent)	<u>\$ 490,177</u>

Changes in long-term liabilities (in thousands):

	Balance July 1, 2016	Addition	Reduction	Balance June 30, 2017	Due Within One Year
Governmental activities:					
Bonds and warrants payable	\$ 545,438	\$ 70,038	\$ (91,105)	\$ 524,371	\$ 34,194
Capitalized leases	11,317	61,418	(1,847)	70,888	1,748
Worker's compensation claims	16,388	-	(2,404)	13,983	-
Compensated absences	17,072	1,219	-	18,292	4,527
Closure and postclosure costs	15,475	426	-	15,901	-
OPEB liability	<u>50,282</u>	<u>15,546</u>	<u>-</u>	<u>65,828</u>	<u>-</u>
Total	<u>\$ 655,972</u>	<u>\$ 148,647</u>	<u>\$ (95,356)</u>	<u>\$ 709,263</u>	<u>\$ 40,469</u>

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.

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 matured in 2017, 2018, 2020, 2023 and 2024. The referenced 2006-A bonds were redeemed on October 1, 2016, in accordance with their terms. Net Present value savings was approximately \$1 million, or 3.8% of the principal amount of bonds refunded.

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. Energy savings are guaranteed by Trane, Inc.

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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. Energy savings are guaranteed by Trane, Inc.

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 2014-D Bonds, resulting in a net present value savings of \$2,080,037, or 4.3% of the principal amount of bonds refunded.

On June 29, 2017, the City issued \$500,000 General Obligation Warrants and \$450,000 General Obligation Warrants. The proceeds will be used to fund a landfill design study and improvements to the Legion Field stadium.

E. Capitalized Leases

At June 30, 2017, approximately \$665,006 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 \$37,779,998 purchased under capital leases. The current portion of the outstanding liability related to these capital leases at June 30, 2017 reported in the government-wide financial statements totaled \$1,748,166. The remaining long-term portion of these capital lease obligations reported in the government-wide financial statements totaled \$69,139,882 at June 30, 2017.

The following schedule shows the future minimum lease payments at June 30, 2017:

	Total Lease Payment
2018	1,748,166
2019	7,675,646
2020	5,346,106
2021	5,456,972
2022	5,571,908
2023-2027	24,448,977
2028-2032	25,525,656
2033-2037	<u>21,060,732</u>
Total minimum lease payments	96,834,163
Less: Amounts representing interest	<u>(25,946,115)</u>
Net minimum lease payments	<u>70,888,048</u>

City of Birmingham, Alabama
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Business – Type Activities

The current portion of the outstanding liability related to the business-type activities capital leases at June 30, 2017 totaled \$175,667. The remaining long-term portion of these capital lease obligations totaled \$351,334 at June 30, 2017.

The following schedule shows the future minimum lease payments at June 30, 2017:

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	-	-	-
Total	\$ -	\$ 527,000	\$ 527,000

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, 2017. This amount was calculated to be \$13,983,243 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
2017	16,388	(2,405)	-	13,983
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

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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 \$475,000 per individual. Claims have exceeded insurance coverage the last four years. It is anticipated that all claims outstanding as of June 30, 2017 will be paid during the next fiscal year.

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

		Beginning of Fiscal year Liability		Incurred Claims		Claim Payments		End of Fiscal Year Liability
2016-2017	\$	2,510,000	\$	45,010,114	\$	45,358,114	\$	2,162,000
2015-2016		2,950,000		43,826,074		44,266,074		2,510,000

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, 2017, the estimated amount of these liabilities totaled \$11,436,473 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 DIESEL FUEL TAX 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.

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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. On March 29, 2017, the Court ruled in favor of the defendants. CSXT timely appealed to the Eleventh Circuit. The City expects the opinion to be issued in late 2017 or early 2018. In 2016, 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. The motions and cases remain stayed pending the Eleventh Circuit decision.

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.

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.

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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
2017	\$ 11,042	\$ 394	\$ 0	\$ 11,436
2016	15,211	(4,169)	0	11,042
2015	15,211	0	0	15,211
2014	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

HUD 108 Loans

The City currently has \$3,200,000 of guarantees outstanding under the U.S. Department of Housing and Urban Development "HUD" 108 loan program for the Pizitz building development. The City is currently repaying, with Community Development Block Grant funds 1999/2001 loans with a balance of \$255,000 for O'Brien's Seafood restaurant, which is in default. The City has approved and submitted a \$2,000,000 request for a loan to Inland Seafood Company. Under this program HUD has made loans to borrowers for economic development projects. In addition to collateral provided to HUD and the City by the borrowers, the City has guaranteed the obligations by pledging its future HUD CDBG funds.

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 \$14,853,000 as of June 30, 2017. 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

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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.

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 \$56,600,000, 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 Civic Center Hotel Project Funding Agreement

The Bonds supported by this Funding Agreement, currently outstanding in the amount of \$66,130,000, 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.

Commercial Development Authority of the City of Birmingham Crossplex Village Project Funding Agreement 2017

In April, 2017 the Commercial Development Authority issued \$14,000,000 of bonds to fund the construction costs of the first phase of a development in the western area of Birmingham known as Crossplex Village. The development includes a hotel, restaurants and a Starbucks training facility. The City considers this project to be a major economic stimulus to the area. The project is located on City owned land, which has been ground leased to a developer and is adjacent to the City's state-of-the-art athletic competition facility known as the Birmingham Crossplex. The bonds are expected to be repaid from rentals paid to the developer by tenants. In addition, the City granted sales tax rebates to the developer. The rebated taxes will be held in reserve by the bond trustee and applied to debt service if the developer's rentals fall short. The City entered into a Funding Agreement whereby the City agreed to pay the debt service if the project does not produce rentals and tax rebates sufficient to cover debt service. The bonds have a 25 year term. The project was partially capitalized by New Market Tax Credits. The developer expects to refinance the project after the expiration of the tax credits in approximately seven years. The bonds may be accelerated by the lender if the City's credit rating drops below "A" by Standard & Poors.

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 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 2017 was \$5,489,312. 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 \$84.2 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 \$2,259,000. \$753,000 was rebated to Serra during fiscal year 2017.

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

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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 \$1,255,000. \$315,000 was rebated to Limbaugh during fiscal year 2017.

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 parties 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
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 \$40,000,000 and \$15,000,000, respectively. The remaining balance is \$39,353,818. Daniel has not begun a project. The amount rebated to Trinity during fiscal year 2017 was \$1,963,059 during fiscal year

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2016, 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 \$15,625,862. The amount rebated to Children's during fiscal year 2017 was \$564,515.

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 was 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, 2018 and 60% of sales tax revenue for years 3-10, but not more the \$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.

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. \$251,093 was rebated to Edwards during fiscal year 2017. Remaining balance is \$491,176.

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 lessor 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. \$356,800 was rebated to Festival during fiscal year 2017. Remaining balance is \$1,070,400.

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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 all of the amount from capital funds; \$966,000 was paid in fiscal year 2017.

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 2017 was \$1,781,302.

IRC-MAB – In January, 2017 the City entered into a Project Agreement under which this company would develop a retail shopping center in the Lakeshore Parkway area of the City, including a 45,000 square foot supermarket. For seven years, after the Completion Date, the City agreed to rebate the lesser of \$500,000 or 50% of sales tax during years 1-5 and then rebate the lesser of \$400,000 or 40% of sales tax during years 6-7, all not exceeding \$3,300,000. No rebate was provided to the developer during fiscal year 2017.

TopGolf USA Birmingham – In December, 2016 the City entered into a Project Agreement under which Topgolf USA Birmingham, LLC will build a golf entertainment facility on a two block site adjacent to the Birmingham-Jefferson Civic Center. For a period of eight years from the Completion Date, the City will rebate the lesser of 30% of sales tax or \$228,000, not exceeding \$1,500,000. No rebate was provided to the developer during fiscal year 2017.

Lakeshore Parkway Retail, LP – In May, 2017, the City entered into a Project Agreement under which this developer would construct an approximately 156,000 square foot addition to the Wildwood Shopping Center and attempt to fill existing vacant spaces. For a period of five years from the Completion Date, the City will rebate the lesser of 50% of sales tax or \$960,000, not exceeding \$4,800,000. No rebate was provided to the developer during fiscal year 2017.

Urban Community Development Consortium –In April, 2017, the City entered into an agreement under which this developer would construct a hotel, restaurant row and Starbucks training facility at the City's Crossplex sports completion venue. For a period of seven years after the Completion Date, the City will rebate the lesser of 50% of sales tax or \$465,000, not exceeding \$3,255,000. No rebate was provided to the developer during fiscal year 2017.

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

Disclosures made in this CAFR are subject to GASB Statement 77. The 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.

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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 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, except for recent agreements which require the reporting. The City has asked the Authority to require this reporting in all future abatement agreements, beginning with fiscal year 2018. 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									
							Beginning of Abatement	End of Abatement	Estimated*
Company	Date of Agreement	Annual Ad-Valorem	Total Ad-Valorem	Annual * Sales & Use	Total Sales & Use	Project Investment	Term Fiscal Year	Term Fiscal Year	Amount of Taxes Abated FY 2017
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	739,419 **
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	253,833 **
Highland AL Partners, LLC	June 2017					47,500,000	2018	2021	0
Birmingham Hotels, LLC	Aug 2017			250,000	250,000	13,900,000	2018	2021	0
Total Estimate*									2,149,733
*See description above									
**Actual amount reported by the abatee.									

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 millage, 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

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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, beginning with fiscal year 2018. 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 Board for abatements.

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Estimated City of Birmingham Non-Educational Tax Abatements by Other Governmental Entities									
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF BIRMINGHAM									
							Beginning of Abatement	End of Abatement	Estimated**
Company	Date of Agreement	Annual Ad-Valorem	Total Ad-Valorem	Annual * Sales & Use	Total Sales & Use	Project Investment	Term Fiscal Year	Term Fiscal Year	Taxes Abated FY 2017
Johnson Bros Corp & Oscar Renda	Jun 2017	48,320	483,200	194,420	194,420	18,580,000	2017	2026	0
Inland Fresh Seafood Corp.	Jul 2017	14,662	146,620	107,960	107,960	4,250,000	2017	2026	0
Integrated Medical Sys International	Apr 2017	1,524	15,242	2,800	28,008	1,623,000	2017	2026	0
Z-Modular, LLC	Jun 2017	1,684	16,838	2,082	20,820	1,758,000	2017	2026	0
B.L. Harbert International, LLC***	Nov 2016	47,723	477,238	138,439	276,878	7,550,000	2,018	2,026	0
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 Terminaling & Trading LLC	Sep 2012	5,238	52,380			11,900,000	2013	2022	5,200
Kinetic 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
Total Estimate**									2,181,383
***Actual abated amount provided by abatee									
*See description above									

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 \$15,900,855 reported as closure and postclosure cost liability at June 30, 2017, 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 2017. 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 Tier I and Tier II), 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, appointed, elected, Airport Authority, E911, EMA employees, and Health Department. Membership is mandatory for civil service and Airport Authority employees and is effective upon employment. Appointed, elected and E911 employees have the option of participating in this plan or in an alternative retirement plan. The plan is closed to Health Department new hires.

Firemen's and Policemen's Supplemental Pension System - This system covers sworn firemen and policemen and provides retirement benefits for twenty 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.

3. Benefits Provided

Retirement and Relief System (Tier I Participants) - A participant hired **prior to July 1, 2017**, may retire at (a) age 60 if they have completed 5 years of credited service, or (b) any age if he/she 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 Tier I 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.

Extraordinary Disability

If a Tier I or Tier II participant become disabled as the result of a job-related injury, they may be eligible for an extraordinary disability benefit regardless of years of service. The benefit begins on the date the participant cease to receive a salary as a City employee, provided the Pension Board has approved the application. The benefit amount is 70% of the participant's monthly salary at the time of the accident.

Termination

To a Tier I participant terminating prior to eligibility for a pension from the plan, a lump sum of contributions without interest is payable. Tier I participants terminating after 5 years of credited service who leave their contributions in the Plan have a non-forfeitable right to a monthly pension beginning at age 60. The form and amount of the pension are the same as the Normal pension.

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.

Death Benefits

If a Tier I 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 Tier

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If participant or vested inactive Tier I participant dies, 60% of the accrued pension benefit, multiplied by the service percentage, is payable to the surviving spouse, if any, during their remaining lifetime. The service percentage is as follows: 5 years – 50%; 6 years – 60%; 7 years – 70%; 8 years – 80%; 9 years – 90%; 10 or more years – 100%. The spousal benefit is deferred to the date the Tier I participant would have been age 60 or would have accrued 20 years of credited service. The spouse may elect an immediate return of the participant's own contributions in lieu of the annuity.

Deferred Retirement Option Plan (DROP)

A Tier I participant 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 participant's monthly benefit will be calculated using credited service and final average salary as of the Back-DROP date, and the participant will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

Retirement and Relief System (Tier II Participants) - A participant hired **on or after July 1, 2017**, may retire at (a) age 62 if they have completed 10 years of credited service, or (b) any age if he/she has completed 30 years of credited service, and receive a pension benefit of 2.25% of final average salary for each year of credited service. This amount cannot be greater than 67.5% 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 Tier II 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 Tier II participant is eligible for disability benefits after 10 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 Tier II participant terminating prior to eligibility for a pension from the plan, a lump sum of contributions without interest is payable. Tier II participants terminating after 10 years of credited service who leave their contributions in the Plan 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.

Death Benefits

If a Tier II 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 Tier II participant or vested inactive Tier II participant dies, 60% of the accrued pension benefit, multiplied by the applicable service percentage, is payable to the surviving spouse, if any, during their remaining lifetime. The service percentage is as follows: 10 years – 50%; 11 years – 60%;

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12 years – 70%, 13 years – 80%; 14 years – 90%; 15 or more years – 100%. The spousal benefit is deferred to the date the Tier II participant would have been age 62 or would have accrued 20 years of credited service. 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 lump sum option or a Social Security option. Optional forms will be calculated as the actuarial equivalent of the life annuity form.

Deferred Retirement Option Plan (DROP)

A Tier II participant 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 participant's monthly benefit will be calculated using credited 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 for each year over 20 years is paid for the period prior to eligibility for 30-year retirement under the Retirement and Relief Pension System. 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 10 years of credited service. A supplemental benefit sufficient when added to the Retirement and Relief Plan 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, and 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 Retirement and Relief Plan.

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.

Deferred Retirement Option Plan (DROP)

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Participants with at least 26 years of credited service may elect up to a 36-month Back-DROP. The participant's monthly benefit will be calculated using credited service and final average salary as of the Back-DROP date, and the participant will receive a lump sum equal to the number of months dropped back times the retirement benefit, accumulated with interest.

Unclassified Employees' Pension and Relief System - A participant may retire at 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 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 lump sum option or a Social Security option. Optional forms will be calculated as the actuarial equivalent of the life annuity form.

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4. Contributions

Retirement and Relief System - Prior to July 1, 2017, the City, Airport Authority, EMA and E911 participants each contributed one-half of the required contribution payable as a percent of compensation for the year, exclusive of overtime and subject to statutory limits. The participants and City contributions were equal to 7.0% and 7.0%, respectively, effective July 1, 2015, and continuing through June 30, 2017. Effective July 1, 2017, however, the City contributions increase to 7.25%. Effective July 1, 2018, the City contributions increase to 8.50%, and effective July 1, 2020, the City contributions increase to 9.00%. The participants will continue to contribute at the rate of 7.0%. Health Department participants contribute 6.00%. The plan is funded by contributions from participants, the City, Airport Authority, EMA, E911, Health Department and income from the investment of accumulated funds.

Firemen's and Policemen's Supplemental Pension System - Participants contribute 5.22% of compensation for the year, exclusive of overtime and statutory limits with the City contributing 5.24%. Further, effective July 1, 2017, the City will contribute annually an additional \$500,000 to the Plan. The plan is funded by contributions from employees, the City, and income from the investment of accumulated funds.

Unclassified Employees' Pension and Relief System - Participants 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.

5. **Membership Data**

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

	Retirement and Relief System	Firemen's and Policeman's Supplemental Pension & Relief System	Unclassified Employee's Pension & Relief System
Measurement date	June 30, 2017		
Retirees and beneficiaries currently receiving benefits	3,017	388	10
Inactive members entitled to benefits but not yet receiving them including 307 future pensioners currently receiving benefits from the Supplemental System	421	12	0
Active members	3,852	1,439	3
Total participants	7,290	1,839	13

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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, Open Data, Finance.

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, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

	Retirement and Relief System	Firemen's and Policeman's Supplemental Pension System	Unclassified Employee's Pension & Relief System
Net Pension Liability		June 30, 2017	
Measurement Date			
Total Pension Liability	\$1,745,211,041	\$99,890,669	\$533,001
Fiduciary Net Position	1,038,084,945	43,175,285	769,489
Net Pension Liability	\$707,126,096	\$56,715,384	\$(236,488)
Plan Fiduciary Net Position as a percentage of Total Pension Liability	59.48%	43.22%	144.37%

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.

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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, 2017 are as follows:

Retirement and Relief System

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$61,202,895	-	\$61,202,895
Interest on Total Pension Liability	81,787,344	-	81,787,344
Change in Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(31,185,752)	-	(31,185,752)
Employer Contributions	-	16,554,808	(16,554,808)
Employee Contributions	-	14,030,922	(14,030,922)
Pension Plan Net Investment Income	-	109,852,441	(109,852,441)
Assumption Changes	(304,984,286)	-	(304,984,286)
Benefit Payments, Including Refunds	(83,864,528)	(83,864,528)	-
Administrative Expense	-	(284,778)	284,778
Net Change	(277,044,327)	56,288,865	(333,333,192)
Net Pension Liability Beginning	2,022,255,368	981,796,080	1,040,459,288
Net Pension Liability Ending	\$1,745,211,041	1,038,084,945	\$707,126,096

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The City is allocated a proportional share of 96.72% of the net pension liability of the Retirement and Relief System, with the allocation based on July 1, 2016 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 \$683,932,360. The remaining liability of \$23,193,736 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.

	2017			
	Pay in July 1, 2015 Actuarial Valuation Data	Proportion of Net Pension Liability	Proportionate Share of Net Pension Liability	Proportionate Share of Pension Expense
City of Birmingham(without Airport Airport Authority	\$193,643,689	96.72%	\$683,932,360	\$94,302,643
Total	6,561,793	3.28%	23,193,736	3,198,022
	<u>\$200,205,482</u>	<u>100.00%</u>	<u>\$707,126,096</u>	<u>\$97,500,665</u>

City of Birmingham, Alabama
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Firemen's and Policemen's Supplemental Pension System

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$6,244,629	-	\$6,244,629
Interest on Total Pension Liability	7,076,281	-	7,076,281
Benefit Changes	-	-	-
Difference Between Expected and Actual Experience	(687,720)	-	(687,720)
Employer Contributions	-	4,354,660	(4,354,660)
Employee Contributions	-	4,336,141	(4,336,141)
Contributions – Fire Tax	-	323,369	(323,369)
Pension Plan Net Investment Income	-	4,172,814	(4,172,814)
Assumption Changes	-	-	-
Benefit Payments	(14,185,871)	(14,185,871)	-
Administrative Expense	-	(55,250)	55,250
Net Change	(1,552,681)	(1,054,137)	(498,544)
Net Pension Liability Beginning	101,443,350	44,229,422	57,213,928
Net Pension Liability Ending	\$99,890,669	43,175,285	\$56,715,384

Unclassified Employees' Pension & Relief System

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$952	-	\$952
Interest on Total Pension Liability	36,865	-	36,865
Difference Between Expected and Actual Experience	(72,043)	-	(72,043)
Employee Contributions	-	780	(780)
Pension Plan Net Investment Income	-	41,943	(41,943)
Assumption Changes	66,025	-	66,025
Benefit Payments	(50,888)	(50,888)	-
Administrative Expense	-	(17,312)	17,312
Net Change	(19,089)	(25,477)	6,388
Net Pension Liability Beginning	552,090	794,966	(242,876)
Net Pension Liability Ending	\$533,001	769,489	\$(236,488)

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8. Discount Rate

Retirement and Relief System -The blended discount rate used to measure the total pension liability is 5.43%. 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 through June 30, 2017, with City contributions increasing to 7.25% beginning July 1, 2017, 8.50% beginning July 1, 2018, and 9.00% effective July 1, 2020. 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 29 periods of projected benefit payments and a 3.58% municipal bond rate was applied to all periods thereafter to determine the total pension liability. The 3.58% municipal bond rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2017.

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 5.83% of compensation from the City effective July 1, 2017. 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 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 5.00%. The projection of cash flows used to determine the discount rate assumed no future contributions will be made, and employees will contribute \$10 on a bi-weekly basis. 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.

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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 is it were calculated using a discount rate that is 1-percent-point lower and 1-percent-point higher than the current rate:

Sensitivity

	1% Decrease (4.43%)	Current Discount Rate (5.43%)	1% Increase (6.43%)
Retirement and Relief System	<u>\$934,877,904</u>	<u>\$707,126,096</u>	<u>\$517,749,069</u>
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Firemen's and Policemen's Supplemental Pension System	<u>\$61,787,411</u>	<u>\$56,715,384</u>	<u>\$51,978,111</u>
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Unclassified Employees' Pension & Relief System	<u>\$(195,443)</u>	<u>\$(236,488)</u>	<u>\$(271,848)</u>

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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, 2017 for each plan are as follows:

	Retirement and Relief System		Firemen's and Policemen's Supplemental Pension System		Unclassified Employees' Pension & Relief System	
	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual	\$18,221,509	\$25,135,714	-	\$(1,203,362)	-	-
Changes of assumptions	290,251,164	245,817,333	243,594	(17,908,604)	-	-
Change in proportionate share		1,230,801				
Net difference between projected and actual earnings	22,117,147	-	2,608,028	-	\$40,099	
Total	\$330,589,820	\$272,183,848	\$2,851,622	\$(19,111,966)	\$40,099	-

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2017 will be recognized in pension expense as follows:

Years ended June 30,	Retirement and Relief System	Firemen's and Policemen's Supplemental Pension System	Unclassified Employees' Pension & Relief System
2018	\$38,271,498	\$(1,580,973)	\$18,113
2019	38,271,498	(1,580,973)	18,113
2020	33,047,700	(2,097,382)	4,649
2021	3,024,702	(2,902,884)	(776)
2022	(54,209,426)	(2,692,560)	-
Thereafter		(5,405,572)	

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11. Assumptions and Other Data

Schedule of Assumptions	Retirement and Relief System	Firemen's and Policemen's Supplemental Pension System	Unclassified Employees' Pension & Relief System
Valuation Date	July 1, 2016	July 1, 2016	July 1, 2016
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%	5.00%
Inflation	2.50%	2.50%	N/A
Salary increases	2.50%, plus age or service-related salary scale	2.50%, plus service-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

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The actuarial assumptions used in the July 1, 2016 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, 2017 are summarized in the following tables:

Asset Class	Target Allocation	Retirement and Relief System
		Long-term Expected Real Rate of Return
Large cap domestic equity	35%	6.9%
Small and mid-cap domestic equity	10%	7.8%
International equity	20%	6.7%
Fixed income (core)	10%	2.9%
Short-term high yield fixed income	5%	4.9%
REITs	5%	5.5%
Hedge Funds	15%	3.7%
Total	100%	

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Asset Class	Target Allocation	Firemen's and Policemen's Supplemental Pension System
		Long-term Expected Real Rate of Return
Large cap domestic equity	35%	6.9%
Small and mid-cap domestic equity	10%	7.8%
International equity	20%	6.7%
Intermediate fixed income	10%	2.9%
Short-term high yield fixed income	5%	4.9%
Alternative debt strategy	3%	2.9%
Hedge Funds	17%	3.9%
Total	100%	

Asset Class	Target Allocation	Unclassified Employees' Pension & Relief System
		Long-term Expected Real Rate of Return
Equity	60%	6.71%
Fixed income	40%	2.11%
Total	100%	

OTHER POSTEMPLOYMENT BENEFIT OBLIGATION

Annual Other Postemployment Benefit 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 2017 were approximately \$2 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	1,911
ARC adjustment	<u>(3,288)</u>
Annual OPEB Cost	17,603
Contributions Made	<u>(2,056)</u>
Change in Net OPEB	15,547
Net OPEB Obligation, beginning of year	<u>50,281</u>
Net OPEB Obligation, end of year	<u>\$ 65,828</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contribution to the plan, and the net OPEB obligation for fiscal year 2017 and the three preceding years are as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Net OPEB Obligation End of Year	Percentage Annual OPEB Cost Contributed
2015	14,288	7,600	37,197	53.19%
2016	17,961	4,876	50,281	27.15%
2017	17,603	2,056	65,828	11.75%

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, 2017

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	2,302
Current active members	<u>3,728</u>
Total plan members	<u>6,030</u>

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.

City of Birmingham, Alabama
Notes to the Financial Statements
June 30, 2017

Year Ending June 30,	Rate (%)	
	Medical	Prescription Drug
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%

I. Subsequent Events

In September, 2017 the City reached a settlement agreement with Norfolk Southern Railway Company with respect to all cases and tax refund claims after discovering that the Company's location generating the taxes at issue was not located in the corporate limits of the City. The City refunded approximately \$1.6 million to Norfolk.

REQUIRED SUPPLEMENTARY INFORMATION

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2017

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

<i>Retirement and Relief System</i>	2017	2016	2015	2014
<u>Total Pension Liability</u>				
Service Cost	\$ 61,202,895	\$ 43,377,051	\$ 36,945,277	\$ 35,473,452
Interest	81,787,344	80,457,568	80,340,821	78,078,837
Changes of Benefit Terms	-	(337,185)	-	-
Differences Between Expected and Actual Experience	(31,185,752)	19,757,884	11,335,035	-
Changes of Assumptions	(304,984,286)	382,927,078	89,619,076	-
Benefit Payments, Including Refunds of Employee Contributions	(83,864,528)	(78,753,617)	(76,439,094)	(72,124,342)
Net Change in Total Pension Liability	(277,044,627)	447,428,779	141,801,115	41,427,947
Total Pension Liability – Beginning	2,022,255,36	1,574,826,58	1,433,025,474	1,391,597,527
Total Pension Liability - Ending (a)	\$ 1,745,211,041	\$ 2,022,255,368	\$1,574,826,589	\$ 1,433,025,474
<u>Plan fiduciary net position</u>				
Contributions – Employer	\$ 16,554,808	\$ 16,370,100	\$ 14,464,552	\$ 14,039,103
Contributions- Employee	14,030,922	13,843,088	12,227,545	11,984,752
Net Investment Income	109,852,441	4,081,529	43,686,697	143,936,432
Benefit Payments, Including Refunds of Employee Contributions	(83,864,528)	(78,753,617)	(76,439,094)	(72,124,342)
Administrative Expense	(284,778)	(266,304)	(178,807)	(186,812)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	56,288,865	(44,725,204)	(6,239,107)	97,649,133
Plan Fiduciary Net Position – Beginning	981,796,080	1,026,521,284	1,032,760,391	935,111,258
Plan Fiduciary Net Position - Ending (b)	1,038,084,945	981,796,080	1,026,521,284	1,032,760,391
The Plan's Net Pension Liability - Ending (a)–(b)	\$ 707,126,096	\$ 1,040,459,288	\$ 548,305,305	\$ 400,265,083
<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>				
Covered Employee Payroll	\$ 200,441,743	\$ 197,758,400	\$ 188,116,077	\$ 184,380,800
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	352.78%	526.13%	291.47%	217.09%

City of Birmingham, Alabama

Required Supplementary Information

Year ended June 30, 2017

Schedule of Investment Returns

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

11.79%

1.38%

4.68%

Notes to the above schedule:

Benefit changes: 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%, reflected in the June 30, 2016 disclosure.

Change of assumptions: The discount rate for GASB reporting purposes increased from 4.13% as of June 30, 2016 to 5.43% as of June 30, 2017. 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 following assumptions changes were reflected for the first time in the June 30, 2016 disclosure:

- The investment return assumption was increased from 7.00% to 7.50%.
- The inflation assumption was lowered from 3.00% to 2.50%.
- The payroll growth rate assumption (used for determining the amortization of the unfunded actuarial accrued liability) was lowered from 3.00% to 2.50%.
- The age-based salary scale assumption for General Employees was maintained, with the individual rates lowered. The salary scale assumption for Fire and Police was restructured from an age-related to service-related set of rates, to reflect actual plan experience.
- The administrative expense assumption was increased from \$150,000 to \$175,000.
- The pre-retirement mortality assumption was changed from the sex-distinct RP-2000 Combined Health Mortality Table, with rates set forward two years for both males and females, to the sex-distinct RP-2014 Blue Collar Employee Mortality Table with rates set forward two years for males and four years for females. This table is projected generationally with Scale MP-2015.
- The post-retirement mortality assumption for healthy annuitants was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, with rates set forward two years for both males and females, to the sex-distinct RP-2014 Blue Collar Healthy Annuitant Mortality Table with rates set forward two years for males and four years for females. This table is projected generationally with Scale MP-2015.
- The mortality assumption for disable retirees was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table, multiplied by 70%, to the sex-distinct RP-2014 Disabled Retiree Mortality Table. This table is projected generationally with Scale MP-2015.
- Retirement rates were modified for all groups to better reflect actual experience and expected future patterns.
- The BackDROP utilization assumption was lowered from 100% for all groups to 40% for General Employees, 90% for Firefighters and 70% for Police Officers.
- The turnover assumption for all groups was modified from a five-year select-and ultimate assumption based on age to an assumption based on years of service. The rates reflect higher rates during earlier periods of employment. The rates for General Employees are higher than the rates for Police and Fire. The ultimate rate was set to zero for Police and Fire employees with twenty or more years of service.
- The disability rates were modified for all groups to better reflect actual experiences and expected future patterns. The on-the-job disability assumption was lowered from 100% to 80% of all disabilities for Firefighters only.
- The percent married assumption was lowered from 80% to 75%.

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2017

<i>Health Department Employees</i>	2017	2016	2015	2014
<u>Total Pension Liability</u>				
Service Cost	\$ 49,939	\$ 61,004	\$ 64,181	\$ 62,675
Interest	778,040	749,345	764,708	765,878
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	70,755	(187,011)	(202,192)	-
Changes of Assumptions	-	(84,528)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(901,200)	(838,553)	(853,769)	(836,771)
Net Change in Total Pension Liability	(2,466)	(299,743)	(227,072)	(8,218)
Total Pension Liability – Beginning	10,824,469	11,124,212	11,351,284	11,359,502
Total Pension Liability - Ending (a)	\$ 10,822,003	\$ 10,824,469	\$ 11,124,212	\$ 11,351,284
<u>Plan fiduciary net position</u>				
Contributions – Employer	\$ 12,517	\$ 12,474	\$ 13,888	\$ 14,707
Contributions- Employee	31,164	31,055	34,556	36,616
Net Investment Income	1,662,389	61,975	665,531	2,288,551
Benefit Payments, Including Refunds of Employee Contributions	(901,200)	(838,553)	(853,769)	(836,771)
Administrative Expense	-	-	-	-
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	804,870	(733,049)	(139,794)	1,503,103
Plan Fiduciary Net Position – Beginning	14,880,920	15,613,969	15,753,763	14,250,660
Plan Fiduciary Net Position - Ending (b)	15,685,790	14,880,920	15,613,969	15,753,763
The Plan's Net Pension Liability - Ending (a) - (b)	\$ (4,863,787)	\$ (4,056,451)	\$ (4,489,757)	\$ (4,402,479)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	144.94%	137.47%	140.36%	138.78%
 Covered Employee Payroll	 \$ 519,400	 \$ 517,583	 \$ 575,933	 \$ 610,267
The Plan's Net Pension Liability as a Percentage of covered Employee Payroll	-936.42%	-783.73%	-779.56%	-721.40%

**City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2017**

Notes to the above schedule:

Benefit changes: There have been no changes to benefits provisions since the implementation of GASB 67.

Change of assumptions: The following changes were reflected for the first time in the June 30, 2016 disclosure:

- The investment return assumption was increased from 7.00% to 7.50%, and the inflation assumption was lowered from 3.00% to 2.50%.
- Individual salary scale rates were lowered at each age in conjunction with the decrease in the inflation assumption.
- The pre-retirement mortality assumption was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, with rates set forward two years for both males and females, to the sex-distinct RP-2014 Blue Collar Employee Mortality Table with rates set forward two years for males and four years for females.
- The post-retirement mortality assumption for healthy annuitants was changed from the sex-distinct RP-2000 Combined Health Mortality Table, with rates set forward two years for both males and females, to the sex-distinct RP-2014 Blue Collar Healthy Annuitant Mortality Table with rates set forward two years for males and four years for females.
- The mortality assumption for disabled retirees was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table, multiplied by 70%, to the sex-distinct RP-2014 Disable Retiree Mortality Table.
- All mortality tables are projected generationally with Scale MP-2015.

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2017

Schedule of the Employer's Contributions

Retirement and Relief System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions	\$30,564,212	\$29,898,918	\$ 30,398,187	\$ 30,553,712
Contributions in Relation to the Actuarially Determined Contributions	<u>16,554,808</u>	<u>16,370,100</u>	<u>14,464,552</u>	<u>14,039,103</u>
Contribution Deficiency (Excess)	<u>14,009,404</u>	<u>13,528,818</u>	<u>15,933,635</u>	<u>16,514,609</u>
Covered Employee Payroll*	200,441,743	197,758,400	188,116,077	184,380,800
Contributions as a Percentage of Covered Employee Payroll	8.26%	8.28%	7.69%	7.61%

Schedule of the Employer's Contributions

Health Department Employees

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Actuarially Determined Contributions	<u>12,517</u>	<u>12,474</u>	<u>13,888</u>	<u>14,707</u>
Contribution Deficiency (Excess)	<u>(12,517)</u>	<u>(12,474)</u>	<u>(13,888)</u>	<u>(14,707)</u>
Covered Employee Payroll*	519,400	517,583	575,933	610,267
Contributions as a Percentage of Covered Employee Payroll	2.41%	2.41%	2.41%	2.41%

Notes to Schedule:

*Payroll is estimated based on the actual employee contributions received and a 7.00% contribution rate, for Health Department Employees the rate is 6.00%. Historical information prior to implementation of GASB 67/68 is not required.

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2017

1. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	7/1/16
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent of payroll, using 2.5% annual increases
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a 5 year period, further adjusted, if necessary, to be within 20% of the market value.

Actuarial assumptions:

Investment rate of return	7.50%, including inflation, net of pension plan investment expense
Projected salary increase	2.50%, plus age-related salary scale based on participant group
Inflation rate	2.50%
Cost of living adjustments	N/A

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2017

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

<i>Firemen's and Policemen's Supplemental Pension System</i>	2017	2016	2015	2014
<u>Total Pension Liability</u>				
Service Cost	\$ 6,244,629	\$ 8,428,083	\$ 7,944,887	\$ 7,504,493
Interest	7,076,281	6,601,838	6,642,762	6,517,060
Changes of Benefit Terms	-	627,885	-	-
Differences Between Expected and Actual Experience	(687,720)	(16,324)	(869,040)	-
Changes of Assumptions	-	(23,025,349)	365,390	-
Benefit Payments, Including Refunds of Employee Contributions	(14,185,871)	(15,214,638)	(11,943,335)	(11,712,272)
Net Change in Total Pension Liability	(1,552,681)	(22,598,505)	2,140,664	2,309,281
Total Pension Liability – Beginning	101,443,350	124,041,855	121,901,191	119,591,910
Total Pension Liability - Ending (a)	\$ 99,890,669	\$101,443,350	\$ 124,041,855	\$ 121,901,191
<u>Plan fiduciary net position</u>				
Contributions – Employer	\$ 4,354,660	\$ 4,364,213	\$ 4,212,776	\$ 4,090,689
Contributions- Employee	4,336,141	4,348,710	4,197,254	4,074,251
Contributions-Fire tax	323,369	404,462	362,196	209,691
Transfer from Limited Firemen's Pension	-	-	-	104,208
Net Investment Income	4,172,814	(445,516)	1,028,214	6,708,660
Benefit Payments, Including Refunds of Employee Contributions	(14,185,871)	(15,214,638)	(11,943,335)	(11,712,272)
Administrative Expense	(55,250)	(72,692)	(75,251)	(36,850)
Net Change in Plan Fiduciary Net Position	(1,054,137)	(6,615,461)	(2,218,146)	3,438,377
Plan Fiduciary Net Position – Beginning	44,229,422	50,844,883	53,063,029	49,624,652
Plan Fiduciary Net Position - Ending (b)	43,175,285	44,229,422	50,844,883	53,063,029
The Plan's Net Pension Liability - Ending (a) - (b)	\$ 56,715,384	\$57,213,928	\$ 73,196,972	\$ 68,838,162
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	43.22%	43.60%	40.99%	43.53%

City of Birmingham, Alabama

Required Supplementary Information

Year ended June 30, 2017

Covered Employee Payroll	\$ 83,067,835	\$83,308,621	\$ 80,407,165	\$ 78,050,785
The Plan's Net Pension Liability as a				
Percentage of covered Employee Payroll	68.28%	68.68%	91.03%	88.20%

Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expense	10.51%	.19%	2.20%
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Notes to the above schedule:

Benefit changes: There were no plan changes reflected for the first time in the June 30, 2017 disclosure. In the June 30, 2016 disclosure, the Retirement and Relief contribution rate from 6.50% to 7.00%, which impacted the transfers from this System to the Retirement and Relief System.

Change of assumptions: There were no assumption changes reflected for the first time in the June 30, 2017 disclosure. The following assumptions changes were reflected for the first time in the June 30, 2016 disclosure:

- The investment return assumption was increased from 7.00% to 7.50%.
- The inflation assumption was lowered from 3.00% to 2.50%.
- The payroll growth rate assumption (used for determining the amortization of the unfunded actuarial accrued liability) was lowered from 3.00% to 2.50%.
- The salary scale assumption was restructured from an age-related to a service-related set of rates to reflect actual plan experience.
- The pre-retirement mortality assumption was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, with rates set forward two years for both males and females, to the sex-distinct RP-2014 Blue Collar Employee Mortality Table with rates set forward two years for males and four years for females. This table is projected generationally with Scale MP-2015.
- The post-retirement mortality assumption for healthy annuitants was changed from the sex-distinct RP-2000 Combined Healthy Mortality Table, with rates set forward two years for both males and females, to the sex-distinct RP-2014 Blue Collar Healthy Annuitant Mortality Table with rates set forward two years for males and four years for females. This table is projected generationally with Scale MP-2015.
- The mortality assumption for disable retirees was changed from the sex-distinct RP-2000 Disabled Retiree Mortality Table, multiplied by 70%, to the sex-distinct RP-2014 Disabled Retiree Mortality Table. This table is projected generationally with Scale MP-2015.
- Retirement rates were modified for all groups to better reflect actual experience and expected future patterns.
- The BackDROP utilization assumption was lowered from 100% for both Fire and Police to 90% for Firefighters and 70% for Police Officers.
- The turnover assumption was modified from a five-year select-and ultimate assumption based on age to an assumption based on years of service. The rates reflect higher rates during earlier periods of employment. The ultimate rate was set to zero for Police and Fire employees with twenty or more years of service.
- The disability rates were modified to better reflect actual experiences and expected future patterns. The on-the-job disability assumption was lowered from 100% to 80% of all disabilities for Firefighters only.
- The percent married assumption was lowered from 80% to 75%.

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2017

Schedule of the Employer's Contributions

Firemen's and Policemen's Supplemental Pension System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contributions*	\$5,092,012	\$4,960,548	\$ 6,038,436	\$ 5,839,810
Contributions in Relation to the Actuarially Determined Contributions	<u>4,354,660</u>	<u>4,364,213</u>	<u>4,212,776</u>	<u>4,090,689</u>
Contribution Deficiency (Excess)	<u>737,352</u>	<u>596,335</u>	<u>1,825,660</u>	<u>1,749,121</u>
Covered Employee Payroll**	83,067,835	83,308,621	80,407,165	78,050,785
Contributions as a Percentage of Covered Employee Payroll	5.24%	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, 2017

2. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	7/1/16
Actuarial cost method	Entry Age
Amortization method	Level percent of payroll, using 2.50% annual increases
Remaining amortization period	Rolling 30 years
Asset valuation method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a 5 year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial assumptions:	
Investment rate of return	7.50%, including inflation, net of pension plan investment expense
Projected salary increase	2.50%, plus age-related salary scale based on participant group
Inflation rate	2.50%
Cost of living adjustments	N/A

City of Birmingham, Alabama
Required Supplementary Information
Year ended June 30, 2017

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

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)-Entry Age (in thousands)	Unfunded (Overfunded) AAL (UAAL) (in thousands)	Funded Ratio	Covered Payroll (in thousands)	UAAL as a Percentage of Covered Payroll
7/1/2007	-	\$ 97,801	\$ 97,801	0.00%	\$ 168,940	57.89%
7/1/2009	-	\$ 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

City of Birmingham, Alabama
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Governmental activities		
	Internal Service Funds - Healthcare Plan (Actives)	Internal Service Funds - Healthcare Plan (Retirees)	Total
Operating Revenues			
City contributions to employee health insurance	34,610	2,057	36,667
City reimbursement excess claims paid	-	-	-
Employee contributions:			
Employee health deductions	10,020	1,962	11,982
Rebates:			
Stop loss rebate	-	-	-
Prescription drug rebate	256	-	256
Stop loss rebate - retirees	-	-	-
Prescription drug rebates - retirees	-	-	-
Total Operating Revenues:	44,886	4,019	48,905
Operating Expenses			
General and administrative:			-
Insurance - Fringe Cost ACA Transition Ins	368	-	368
Insurance - Fringe Cost ACA Transition Ins - Retirees	-	301	301
Internal Services:			
Blue Cross Claims	27,161	-	27,161
Express Scripts Claims	13,360	-	13,360
Stop Loss Premium	850	-	850
Admin Fees - BCBS	1,108	-	1,108
Express Scripts Fees	50	-	50
Behavioral Health Fees	785	-	785
Blue Cross Claims - Retirees	-	1,520	1,520
Express Script Claims - Retirees	-	2,969	2,969
Stop Loss Premium - Retirees	-	54	54
Admin Fees - BCBS Retirees	-	191	191
Total Operating Expenses:	43,682	5,035	48,717
Operating Income (Loss):	1,204	(1,016)	188
Nonoperating Revenues (Expenses)			
Interest income	-	-	-
Total Nonoperating Revenues (Expenses):	-	-	-
Income (Loss) Before Contributions and Transfers:	1,204	(1,016)	188
Transfers	-	-	-
Change in Net Position:	1,204	(1,016)	188
Total Net Position - Beginning	2,298	(770)	1,528
Total Net Position - Ending:	\$ 3,502	\$ (1,786)	\$ 1,716

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

City of Birmingham, Alabama
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2017
(amounts expressed in thousands)

	Retirement & Relief	Firemen & Policemen Supplemental	Unclassified Pension	Total Pension Trust Funds
Assets				
Cash and cash equivalents	\$ 32,202	\$ 966	\$ 769	\$ 33,937
Receivables:				
Member loans	10,321	-	-	10,321
Interest and dividends	2,988	123	-	3,111
Total Receivables:	<u>13,309</u>	<u>123</u>	<u>-</u>	<u>13,432</u>
Investments, at fair value:				
U.S. government obligations	92,035	2,051	-	94,086
Domestic corporate bonds	127,282	7,807	-	135,089
Domestic stocks	710,988	26,523	-	737,511
Alternative Investments	78,563	5,735	-	84,298
Total Investments, at fair value:	<u>1,008,868</u>	<u>42,116</u>	<u>-</u>	<u>1,050,984</u>
Total Assets:	<u>1,054,379</u>	<u>43,205</u>	<u>769</u>	<u>1,098,353</u>
Liabilities				
Accounts payable and other	610	29	-	639
Total Liabilities:	<u>610</u>	<u>29</u>	<u>-</u>	<u>639</u>
Net Position				
Held in trust for future pension benefits	1,053,770	43,175	769	1,097,714
Total Net Position:	<u>\$ 1,053,770</u>	<u>\$ 43,175</u>	<u>\$ 769</u>	<u>\$ 1,097,714</u>

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

City of Birmingham, Alabama
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2017
(amounts expressed in thousands)

	Retirement & Relief	Firemen & Policemen Supplemental	Unclassified Pension	Total Pension Trust Funds
Additions				
Additions:				
Contributions:				
Employer contributions	\$ 16,567	\$ 4,355	\$ -	\$ 20,922
Plan member contributions	14,062	4,336	1	18,399
Investment income:				
Investment earnings	113,654	4,396	39	118,089
Securities lending	1,050	-	-	1,050
Security litigation	13	-	-	13
Other income	66	325	3	394
Total Additions:	145,412	13,412	43	158,867
Total Additions:	145,412	13,412	43	158,867
Deductions				
Deductions:				
Benefits	83,039	11,997	52	95,088
Refunds of contributions	1,727	931	-	2,658
Administrative expenses	376	1,316	17	1,709
Investment expenses	3,177	222	-	3,399
Total Deductions:	88,319	14,466	69	102,854
Total Deductions:	88,319	14,466	69	102,854
Change in Net Position:	57,093	(1,054)	(26)	56,013
Net Position - Beginning	996,677	44,229	795	1,041,701
Net Position - Ending:	\$ 1,053,770	\$ 43,175	\$ 769	\$ 1,097,714

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, 2017
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 286,168	\$ 286,269	\$ 290,095	\$ 3,826
Licenses and permits	89,467	89,467	80,625	(8,842)
Intergovernmental	12,374	13,460	14,423	963
Charges for services	18,167	18,167	16,231	(1,936)
Fines and forfeitures	2,072	2,072	1,960	(112)
Investment income	200	200	256	56
Other operating revenues	7,756	7,762	6,692	(1,070)
Total Revenues:	416,204	417,397	410,282	(7,115)
Expenditures				
Current Expenditures:				
Public safety:				
Police	97,232	96,982	97,255	(273)
Fire	62,854	62,896	63,434	(538)
Planning Engineering and Permits	13,502	13,502	13,070	432
Traffic Engineering	10,503	10,488	11,334	(846)
Municipal Court	6,384	6,464	6,685	(221)
Street and sanitation:				
Public Works	46,606	47,125	47,986	(861)
Nondepartmental	-	-	-	-
Cultural and recreational:				
Park and Recreation	18,232	18,322	17,089	1,233
Library	15,604	15,614	14,574	1,040
Arlington Historical Home	824	837	754	83
Boutwell Auditorium	1,513	1,513	1,532	(19)
Museum of Art	3,583	3,614	3,558	56
Sloss Furnace	1,194	1,161	1,029	132
Southern Museum of Flight	831	831	797	34
State Fairgrounds	4,348	4,303	4,482	(179)
General government:				
Finance	12,336	12,336	11,182	1,154
Equipment Management	15,003	15,001	14,956	45
Information Management Services	14,805	14,613	13,252	1,361
City Clerk	1,963	1,582	1,015	567
Community Development	944	1,031	914	117
Council Office	3,798	3,702	3,236	466
Legal	7,253	10,085	9,578	507
Mayors Office	9,623	9,662	9,244	418
Personnel	7,016	7,891	6,772	1,119
Nondepartmental	48,783	47,820	41,677	6,143
Debt Service:				
Principal	11,257	12,604	12,883	(279)
Interest and fees	3,720	3,720	3,812	(92)
Capital Outlay:				
Capital outlays	1,368	821	697	124
Total Expenditures:	421,079	424,520	412,797	11,723
Excess (Deficiency) of Revenues Over (Under)				
Expenditures:	(4,875)	(7,123)	(2,515)	4,608
Other financing sources (uses)::				
Transfers in	4,234	4,434	4,433	(1)
Transfers out	(4,781)	(5,564)	(5,534)	30
Total Other financing sources (uses)::	(547)	(1,130)	(1,101)	29
Net Change in Fund Balances:	(5,422)	(8,253)	(3,616)	4,637
Fund Balances - Beginning	89,449	89,449	89,449	-
Fund Balances - Ending:	\$ 84,027	\$ 81,196	\$ 85,833	\$ 4,637

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, 2017
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 17,058	\$ 950	\$ 35,958	\$ 53,966
Cash with fiscal agent	781	-	9,568	10,349
Receivables:	1,003	-	7	1,010
Total Assets:	<u>\$ 18,842</u>	<u>\$ 950</u>	<u>\$ 45,533</u>	<u>\$ 65,325</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Bank overdrafts	16,392	-	-	16,392
Accounts and vouchers payable	872	-	293	1,165
Contracts payable-retainage	207	-	897	1,104
Unearned revenue	243	-	-	243
Other liabilities	44	-	-	44
Total Liabilities:	<u>17,758</u>	<u>-</u>	<u>1,190</u>	<u>18,948</u>
Fund Balances:				
Spendable:	6,561	950	44,343	51,854
Committed to:				
Neighborhood Improvements	8,336	-	-	8,336
Community Development	137	-	-	137
Other Purposes	2,918	-	-	2,918
Unassigned:	(16,868)	-	-	(16,868)
Total Fund Balances:	<u>1,084</u>	<u>950</u>	<u>44,343</u>	<u>46,377</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 18,842</u>	<u>\$ 950</u>	<u>\$ 45,533</u>	<u>\$ 65,325</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, 2017
(amounts expressed in thousands)

Special Revenue Funds								
	Neighborhood Allocation	Grants Fund	Highway Improvement Fund	Fuel Tax Fund	Storm Water Fees	Technology	Correction Fund	Municipal Court Judicial Admin
Assets								
Cash and investments	\$ 8,585	\$ -	\$ 298	\$ 2,601	\$ 1,205	\$ 54	\$ -	\$ 652
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Accrued interest	3	-	-	-	-	-	-	-
Accrued taxes	-	-	236	113	42	-	-	-
Accounts (net of uncollectibles)	1	9	-	-	-	-	-	-
Loans	87	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total Assets:	<u>\$ 8,676</u>	<u>\$ 9</u>	<u>\$ 534</u>	<u>\$ 2,714</u>	<u>\$ 1,247</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 652</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Bank overdrafts		14,777						
Accounts and vouchers payable	97	638	-	-	52	9	10	36
Contracts payable-retainage	-	207	-	-	-	-	-	-
Unearned revenue	243	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	44	-	-	-
Total Liabilities:	<u>340</u>	<u>15,622</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>9</u>	<u>10</u>	<u>36</u>
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	-	-	534	2,714	1,151	-	-	-
Other	-	-	-	-	-	-	-	616
Assigned:								
Committed to:								
Neighborhood Improvements	8,336	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	45	-	-
Unassigned:		(15,613)					(10)	
Total Fund Balances:	<u>8,336</u>	<u>(15,613)</u>	<u>534</u>	<u>2,714</u>	<u>1,151</u>	<u>45</u>	<u>(10)</u>	<u>616</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 8,676</u>	<u>\$ 9</u>	<u>\$ 534</u>	<u>\$ 2,714</u>	<u>\$ 1,247</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ 652</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, 2017
(amounts expressed in thousands)

	Special Revenue Funds						Debt Service Funds
	PACE Board	Municipal Court Clerk Fund	HUD Block Grant Fund	Home Fund	Special Lodging Tax Revenue	Land Bank Authority	Tax Increment Financing
Assets							
Cash and investments	\$ 6	\$ 155	\$ -	\$ -	\$ 2,872	\$ 630	\$ 17,058
Cash with fiscal agent	781	-	-	-	-	-	816
Receivables:							-
Accrued interest	-	-	-	-	1	-	4
Accrued taxes	-	-	-	-	-	-	391
Accounts (net of uncollectibles)	-	-	-	-	-	-	10
Loans	-	-	-	-	-	-	87
Due from other governments	-	-	349	162	-	-	511
Total Assets:	<u>\$ 787</u>	<u>\$ 155</u>	<u>\$ 349</u>	<u>\$ 162</u>	<u>\$ 2,873</u>	<u>\$ 630</u>	<u>\$ 18,842</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities:							
Bank overdrafts			1,590	25			16,392
Accounts and vouchers payable	-	-	4	-	-	26	872
Contracts payable-retainage	-	-	-	-	-	-	207
Unearned revenue	-	-	-	-	-	-	243
Other liabilities	-	-	-	-	-	-	44
Total Liabilities:	<u>-</u>	<u>-</u>	<u>1,594</u>	<u>25</u>	<u>-</u>	<u>26</u>	<u>17,758</u>
Fund Balances:							
Spendable:							
Restricted:							
Debt Service	-	-	-	-	-	-	816
Capital Projects	787	-	-	-	-	604	5,790
Other	-	155	-	-	-	-	771
Assigned:							
Committed to:							
Neighborhood Improvements	-	-	-	-	-	-	8,336
Community Development	-	-	-	137	-	-	137
Other Purposes	-	-	-	-	2,873	-	2,918
Unassigned:			(1,245)				(16,868)
Total Fund Balances:	<u>787</u>	<u>155</u>	<u>(1,245)</u>	<u>137</u>	<u>2,873</u>	<u>604</u>	<u>1,084</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 787</u>	<u>\$ 155</u>	<u>\$ 349</u>	<u>\$ 162</u>	<u>\$ 2,873</u>	<u>\$ 630</u>	<u>\$ 18,842</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, 2017
(amounts expressed in thousands)

	Debt Service Funds		Capital Projects Funds					
	Alabama Trust Fund	Total	Public Improvement	1993 Bonds	1995 Bonds	1997 Bonds	1998-A Warrants	1998-B Warrants
Assets								
Cash and investments	\$ 134	\$ 950	\$ 358	\$ 64	\$ 10	\$ 313	\$ 14	\$ 24
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Accrued interest	-	-	-	-	-	-	-	-
Accrued taxes	-	-	-	-	-	-	-	-
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total Assets:	<u>\$ 134</u>	<u>\$ 950</u>	<u>\$ 358</u>	<u>\$ 64</u>	<u>\$ 10</u>	<u>\$ 313</u>	<u>\$ 14</u>	<u>\$ 24</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Bank overdrafts								
Accounts and vouchers payable	-	-	-	-	-	-	14	-
Contracts payable-retainage	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>-</u>
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	134	950	-	-	-	-	-	-
Capital Projects	-	-	358	64	10	313	-	24
Other	-	-	-	-	-	-	-	-
Assigned:								
Committed to:								
Neighborhood Improvements	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-
Unassigned:								
Total Fund Balances:	<u>134</u>	<u>950</u>	<u>358</u>	<u>64</u>	<u>10</u>	<u>313</u>	<u>-</u>	<u>24</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 134</u>	<u>\$ 950</u>	<u>\$ 358</u>	<u>\$ 64</u>	<u>\$ 10</u>	<u>\$ 313</u>	<u>\$ 14</u>	<u>\$ 24</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, 2017
(amounts expressed in thousands)

	Capital Projects Funds							
	1999-B Bonds	2000-A Warrants	2001-A School Warrants	2002 Bonds	2006-C G.O. Warrants	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants
Assets								
Cash and investments	\$ 8	\$ 9	\$ 35	\$ 452	\$ 39	\$ 725	\$ 6,471	\$ 3
Cash with fiscal agent	-	-	-	-	-	-	-	-
Receivables:								
Accrued interest	-	-	-	-	-	-	2	-
Accrued taxes	-	-	-	-	-	-	-	-
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Total Assets:	<u>\$ 8</u>	<u>\$ 9</u>	<u>\$ 35</u>	<u>\$ 452</u>	<u>\$ 39</u>	<u>\$ 725</u>	<u>\$ 6,473</u>	<u>\$ 3</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances								
Liabilities:								
Bank overdrafts								
Accounts and vouchers payable	-	-	34	-	3	74	9	-
Contracts payable-retainage	-	-	-	8	-	101	48	-
Unearned revenue	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
Total Liabilities:	<u>-</u>	<u>-</u>	<u>34</u>	<u>8</u>	<u>3</u>	<u>175</u>	<u>57</u>	<u>-</u>
Fund Balances:								
Spendable:								
Restricted:								
Debt Service	-	-	-	-	-	-	-	-
Capital Projects	8	9	1	444	36	550	6,416	3
Other	-	-	-	-	-	-	-	-
Assigned:								
Committed to:								
Neighborhood Improvements	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-	-	-
Unassigned:								
Total Fund Balances:	<u>8</u>	<u>9</u>	<u>1</u>	<u>444</u>	<u>36</u>	<u>550</u>	<u>6,416</u>	<u>3</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 8</u>	<u>\$ 9</u>	<u>\$ 35</u>	<u>\$ 452</u>	<u>\$ 39</u>	<u>\$ 725</u>	<u>\$ 6,473</u>	<u>\$ 3</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, 2017
(amounts expressed in thousands)

	Capital Projects Funds							C	
	2010-Recovery Zone Econ Dev Warr	2013-A Bonds	2013-B Bonds	2014 PNC2 Warrants	Historical Preservation Fund	2015-B Bonds	2016 A Refunding Bonds	2016 EquipandPublic ImprWarrants	
Assets									
Cash and investments	\$ 5,564	\$ 13,274	\$ 2	\$ 8	\$ -	\$ 1,893	\$ 14	\$ 5,728	
Cash with fiscal agent	-	-	-	-	9,568	-	-	-	
Receivables:									
Accrued interest	-	4	-	-	-	1	-	-	
Accrued taxes	-	-	-	-	-	-	-	-	
Accounts (net of uncollectibles)	-	-	-	-	-	-	-	-	
Loans	-	-	-	-	-	-	-	-	
Due from other governments	-	-	-	-	-	-	-	-	
Total Assets:	<u>\$ 5,564</u>	<u>\$ 13,278</u>	<u>\$ 2</u>	<u>\$ 8</u>	<u>\$ 9,568</u>	<u>\$ 1,894</u>	<u>\$ 14</u>	<u>\$ 5,728</u>	
Liabilities, Deferred Inflows of Resources, and Fund Balances									
Liabilities:									
Bank overdrafts									
Accounts and vouchers payable	2	138	-	-	-	4	-	15	
Contracts payable-retainage	12	728	-	-	-	-	-	-	
Unearned revenue	-	-	-	-	-	-	-	-	
Other liabilities	-	-	-	-	-	-	-	-	
Total Liabilities:	<u>14</u>	<u>866</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>15</u>	
Fund Balances:									
Spendable:									
Restricted:									
Debt Service	-	-	-	-	-	-	14	-	
Capital Projects	5,550	12,412	2	8	9,568	1,890	-	5,713	
Other	-	-	-	-	-	-	-	-	
Assigned:									
Committed to:									
Neighborhood Improvements	-	-	-	-	-	-	-	-	
Community Development	-	-	-	-	-	-	-	-	
Other Purposes	-	-	-	-	-	-	-	-	
Unassigned:									
Total Fund Balances:	<u>5,550</u>	<u>12,412</u>	<u>2</u>	<u>8</u>	<u>9,568</u>	<u>1,890</u>	<u>14</u>	<u>5,713</u>	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 5,564</u>	<u>\$ 13,278</u>	<u>\$ 2</u>	<u>\$ 8</u>	<u>\$ 9,568</u>	<u>\$ 1,894</u>	<u>\$ 14</u>	<u>\$ 5,728</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, 2017
(amounts expressed in thousands)

	<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>2017 Loans</u>	<u>Total</u>	
Assets			
Cash and investments	\$ 950	\$ 35,958	\$ 53,966
Cash with fiscal agent	-	9,568	10,349
Receivables:			
Accrued interest	-	7	11
Accrued taxes	-	-	391
Accounts (net of uncollectibles)	-	-	10
Loans	-	-	87
Due from other governments	-	-	511
Total Assets:	<u>\$ 950</u>	<u>\$ 45,533</u>	<u>\$ 65,325</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Bank overdrafts			16,392
Accounts and vouchers payable	-	293	1,165
Contracts payable-retainage	-	897	1,104
Unearned revenue	-	-	243
Other liabilities	-	-	44
Total Liabilities:	<u>-</u>	<u>1,190</u>	<u>18,948</u>
Fund Balances:			
Spendable:			
Restricted:			
Debt Service	-	14	964
Capital Projects	950	44,329	50,119
Other	-	-	771
Assigned:			
Committed to:			
Neighborhood Improvements	-	-	8,336
Community Development	-	-	137
Other Purposes	-	-	2,918
Unassigned:	<u>-</u>	<u>-</u>	<u>(16,868)</u>
Total Fund Balances:	<u>950</u>	<u>44,343</u>	<u>46,377</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 950</u>	<u>\$ 45,533</u>	<u>\$ 65,325</u>

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, 2017
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ 3,846	\$ 1,830	\$ -	\$ 5,676
Intergovernmental	31,553	1,797	-	33,350
Charges for services	274	-	-	274
Fines and forfeitures	1,139	-	-	1,139
Investment income	59	2	200	261
Other operating revenues	2,024	-	256	2,280
Total Revenues:	38,895	3,629	456	42,980
Expenditures				
Current Expenditures:				
Public safety:	4,819	-	33	4,852
Street and sanitation:	9	-	1,643	1,652
Cultural and recreational:	326	-	64	390
General government:	10,672	-	1,112	11,784
Debt Service:				
Principal	4,494	2,584	-	7,078
Interest and fees	2,774	983	18	3,775
Capital Outlay:				
Capital outlays	15,866	85	21,053	37,004
Total Expenditures:	38,960	3,652	23,923	66,535
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(65)	(23)	(23,467)	(23,555)
Other financing sources (uses)::				
Issuance of debt	-	-	14,680	14,680
Transfers in	3,982	-	-	3,982
Transfers out	(3,252)	-	-	(3,252)
Total Other financing sources (uses)::	730	-	14,680	15,410
Net Change in Fund Balances:	665	(23)	(8,787)	(8,145)
Fund Balances - Beginning	420	973	53,129	54,522
Fund Balances - Ending:	\$ 1,085	\$ 950	\$ 44,342	\$ 46,377

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, 2017
(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
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7	19,346	2,842	1,325	1,467	-	-	-	-
Charges for services	84	-	-	-	-	-	-	-	-
Fines and forfeitures	-	69	-	-	-	25	659	200	156
Investment income	45	-	-	-	-	-	2	-	-
Other operating revenues	447	224	-	-	-	-	-	-	-
Total Revenues:	583	19,639	2,842	1,325	1,467	25	661	200	156
Expenditures									
Current Expenditures:									
Public safety:									
Police	286	891	-	-	-	-	2	-	-
Fire	28	17	-	-	-	-	-	-	-
Planning Engineering and Permits	-	311	-	-	1,362	-	3	-	-
Municipal Court	-	311	-	-	-	41	1,319	169	-
Street and sanitation:									
Public Works	9	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
Cultural and recreational:									
Park and Recreation	138	-	-	-	-	-	-	-	-
Library	-	6	-	-	-	-	-	-	-
State Fairgrounds	-	182	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
General government:									
Finance	-	233	-	-	-	-	-	-	-
Community Development	175	2,323	-	-	-	-	-	-	-
Mayors Office	-	68	-	-	-	-	-	-	-
Nondepartmental	564	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	159
Debt Service:									
Principal	-	-	1,925	685	-	-	-	-	-
Interest and fees	-	-	776	45	-	-	-	-	-
Capital Outlay:									
Capital outlays	38	14,786	4	10	-	8	52	-	-
Total Expenditures:	1,238	19,128	2,705	740	1,362	49	1,376	169	159
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(655)	511	137	585	105	(24)	(715)	31	(3)
Other financing sources (uses)::									
Issuance of debt	-	-	-	-	-	-	-	-	-
Transfers in	566	-	-	-	-	-	-	-	-
Transfers out	(187)	-	-	-	-	-	-	-	-
Total Other financing sources (uses)::	379	-	-	-	-	-	-	-	-
Net Change in Fund Balances:	(276)	511	137	585	105	(24)	(715)	31	(3)
Fund Balances - Beginning	8,612	(16,124)	397	2,129	1,046	69	705	(31)	619
Fund Balances - Ending:	\$ 8,336	\$ (15,613)	\$ 534	\$ 2,714	\$ 1,151	\$ 45	\$ (10)	\$ -	\$ 616

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, 2017
(amounts expressed in thousands)

	Special Revenue Funds						Debt Service Funds			
	PACE Board	Municipal Court Clerk Fund	HUD Block Grant Fund	Home Fund	Special Lodging Tax Revenue	Land Bank Authority	Total	Tax Increment Financing	Alabama Trust Fund	Total
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,846	\$ -	\$ 3,846	\$ 1,830	\$ -	\$ 1,830
Intergovernmental	-	-	5,022	1,544	-	-	31,553	-	1,797	1,797
Charges for services	-	-	-	-	-	190	274	-	-	-
Fines and forfeitures	-	30	-	-	-	-	1,139	-	-	-
Investment income	2	-	-	-	10	-	59	2	-	2
Other operating revenues	1,026	-	112	215	-	-	2,024	-	-	-
Total Revenues:	1,028	30	5,134	1,759	3,856	190	38,895	1,832	1,797	3,629
Expenditures										
Current Expenditures:										
Public safety:										
Police	-	-	-	-	-	-	1,179	-	-	-
Fire	-	-	-	-	-	-	45	-	-	-
Planning Engineering and Permits	-	-	-	-	-	-	1,676	-	-	-
Municipal Court	-	79	-	-	-	-	1,919	-	-	-
Street and sanitation:										
Public Works	-	-	-	-	-	-	9	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Cultural and recreational:										
Park and Recreation	-	-	-	-	-	-	138	-	-	-
Library	-	-	-	-	-	-	6	-	-	-
State Fairgrounds	-	-	-	-	-	-	182	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-	-
General government:										
Finance	-	-	-	-	-	-	233	-	-	-
Community Development	-	-	5,134	1,759	-	-	9,391	-	-	-
Mayors Office	-	-	-	-	-	-	68	-	-	-
Nondepartmental	58	-	-	-	-	199	821	-	-	-
Municipal Court	-	-	-	-	-	-	159	-	-	-
Debt Service:										
Principal	1,884	-	-	-	-	-	4,494	1,195	1,389	2,584
Interest and fees	1,952	-	-	-	1	-	2,774	495	488	983
Capital Outlay:										
Capital outlays	13	-	-	-	955	-	15,866	85	-	85
Total Expenditures:	3,907	79	5,134	1,759	956	199	38,960	1,775	1,877	3,652
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(2,879)	(49)	-	-	2,900	(9)	(65)	57	(80)	(23)
Other financing sources (uses)::										
Issuance of debt	-	-	-	-	-	-	-	-	-	-
Transfers in	3,066	-	-	-	-	350	3,982	-	-	-
Transfers out	-	-	-	-	(3,065)	-	(3,252)	-	-	-
Total Other financing sources (uses)::	3,066	-	-	-	(3,065)	350	730	-	-	-
Net Change in Fund Balances:	187	(49)	-	-	(165)	341	665	57	(80)	(23)
Fund Balances - Beginning	601	204	(1,245)	137	3,038	263	420	759	214	973
Fund Balances - Ending:	\$ 788	\$ 155	\$ (1,245)	\$ 137	\$ 2,873	\$ 604	\$ 1,085	\$ 816	\$ 134	\$ 950

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, 2017
(amounts 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
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Investment income	13	-	-	2	-	-	-	-	-
Other operating revenues	242	14	-	-	-	-	-	-	-
Total Revenues:	255	14	-	2	-	-	-	-	-
Expenditures									
Current Expenditures:									
Public safety:									
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Planning Engineering and Permits	-	-	-	1	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	-
Street and sanitation:									
Public Works	-	18	-	-	-	8	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
Cultural and recreational:									
Park and Recreation	-	-	-	-	-	-	20	-	-
Library	-	-	-	-	-	-	-	-	-
State Fairgrounds	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
General government:									
Finance	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	3	-	-	-	-	-
Mayors Office	-	-	-	-	-	-	-	-	-
Nondepartmental	4	-	-	-	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-
Capital Outlay:									
Capital outlays	-	-	-	141	13	6	-	(1)	92
Total Expenditures:	4	18	-	145	13	14	20	(1)	92
Excess (Deficiency) of Revenues Over (Under)									
Expenditures:	251	(4)	-	(143)	(13)	(14)	(20)	1	(92)
Other financing sources (uses)::									
Issuance of debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total Other financing sources (uses)::	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances:	251	(4)	-	(143)	(13)	(14)	(20)	1	(92)
Fund Balances - Beginning	107	68	10	456	13	38	28	8	93
Fund Balances - Ending:	\$ 358	\$ 64	\$ 10	\$ 313	\$ -	\$ 24	\$ 8	\$ 9	\$ 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, 2017
(amounts expressed in thousands)

	Capital Projects Funds								
	2002 Bonds	2006-C G.O. Warrants	2007-B G.O. Warrants	2007-A G. O. Bonds	2009-A Warrants	2010-Recovery Zone Econ Dev Warr	2013-A Bonds	2013-B Bonds	2014 PNC2 Warrants
Revenues									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Investment income	3	-	4	32	-	21	79	1	2
Other operating revenues	-	-	-	-	-	-	-	-	-
Total Revenues:	3	-	4	32	-	21	79	1	2
Expenditures									
Current Expenditures:									
Public safety:									
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Planning Engineering and Permits	4	-	11	17	-	-	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	-
Street and sanitation:									
Public Works	-	-	-	-	-	-	647	-	-
Nondepartmental	-	-	-	-	-	-	-	-	-
Cultural and recreational:									
Park and Recreation	24	-	-	-	-	14	-	-	-
Library	-	-	-	-	-	-	-	-	-
State Fairgrounds	-	-	-	-	-	-	-	-	-
Nondepartmental	-	-	-	6	-	-	-	-	-
General government:									
Finance	-	-	-	-	-	-	-	-	-
Community Development	-	-	-	-	-	-	-	-	-
Mayors Office	-	-	-	-	-	-	-	-	-
Nondepartmental	100	2	4	7	3	89	-	-	-
Municipal Court	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-
Capital Outlay:									
Capital outlays	173	3	344	1,890	46	1,248	9,071	299	350
Total Expenditures:	301	5	359	1,920	49	1,351	9,718	299	350
Excess (Deficiency) of Revenues Over (Under)									
Expenditures:	(298)	(5)	(355)	(1,888)	(49)	(1,330)	(9,639)	(298)	(348)
Other financing sources (uses)::									
Issuance of debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total Other financing sources (uses)::	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances:	(298)	(5)	(355)	(1,888)	(49)	(1,330)	(9,639)	(298)	(348)
Fund Balances - Beginning	742	44	905	8,304	52	6,880	22,051	300	356
Fund Balances - Ending:	\$ 444	\$ 39	\$ 550	\$ 6,416	\$ 3	\$ 5,550	\$ 12,412	\$ 2	\$ 8

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, 2017
(amounts expressed in thousands)

	Capital Projects Funds						Total Nonmajor Governmental Funds
	Historical Preservation Fund	2015-B Bonds	2016 A Refunding Bonds	2016 EquipandPublic ImprWarrants	2017 Loans	Total	
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,676
Intergovernmental	-	-	-	-	-	-	33,350
Charges for services	-	-	-	-	-	-	274
Fines and forfeitures	-	-	-	-	-	-	1,139
Investment income	20	9	14	-	-	200	261
Other operating revenues	-	-	-	-	-	256	2,280
Total Revenues:	20	9	14	-	-	456	42,980
Expenditures							
Current Expenditures:							
Public safety:							
Police	-	-	-	-	-	-	1,179
Fire	-	-	-	-	-	-	45
Planning Engineering and Permits	-	-	-	-	-	33	1,709
Municipal Court	-	-	-	-	-	-	1,919
Street and sanitation:							
Public Works	-	-	-	-	-	673	682
Nondepartmental	-	970	-	-	-	970	970
Cultural and recreational:							
Park and Recreation	-	-	-	-	-	58	196
Library	-	-	-	-	-	-	6
State Fairgrounds	-	-	-	-	-	-	182
Nondepartmental	-	-	-	-	-	6	6
General government:							
Finance	-	-	-	-	-	-	233
Community Development	-	-	-	-	-	3	9,394
Mayors Office	186	-	-	-	-	186	254
Nondepartmental	-	-	-	714	-	923	1,744
Municipal Court	-	-	-	-	-	-	159
Debt Service:							
Principal	-	-	-	-	-	-	7,078
Interest and fees	-	-	-	18	-	18	3,775
Capital Outlay:							
Capital outlays	-	205	-	7,173	-	21,053	37,004
Total Expenditures:	186	1,175	-	7,905	-	23,923	66,535
Excess (Deficiency) of Revenues Over (Under)							
Expenditures:	(166)	(1,166)	14	(7,905)	-	(23,467)	(23,555)
Other financing sources (uses)::							
Issuance of debt	-	-	114	13,617	950	14,680	14,680
Transfers in	-	-	-	-	-	-	3,982
Transfers out	-	-	-	-	-	-	(3,252)
Total Other financing sources (uses)::	-	-	114	13,617	950	14,680	15,410
Net Change in Fund Balances:	(166)	(1,166)	128	5,712	950	(8,787)	(8,145)
Fund Balances - Beginning	9,732	3,056	(114)	-	-	53,129	54,522
Fund Balances - Ending:	\$ 9,566	\$ 1,890	\$ 14	\$ 5,712	\$ 950	\$ 44,342	\$ 46,377

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

Statistical Section

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 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 Ten Fiscal Years
(in thousands)

Table A-1

	2008	2009	2010	2011	2012	2013*	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$74,322	\$65,727	\$72,325	\$90,213	\$133,210	\$104,846	\$210,160	\$149,863	\$180,892	\$241,975
Restricted	277,817	264,602	157,454	146,478	134,295	189,391	139,831	96,624	146,904	135,178
Unrestricted	<u>(78,863)</u>	<u>(88,588)</u>	<u>(51,384)</u>	<u>(62,151)</u>	<u>(85,574)</u>	<u>(93,426)</u>	<u>(127,030)</u>	<u>(489,185)</u>	<u>(676,744)</u>	<u>(790,385)</u>
Total governmental activities net position	\$273,276	\$241,741	\$178,395	\$174,540	\$181,931	\$200,811	\$222,961	(\$242,698)	(\$348,948)	(\$413,232)
Business-type activities:										
Net investment in capital assets	901	1,022	855	919	919	722	4,167	919	18	18
Unrestricted	<u>(464)</u>	<u>(1,167)</u>	<u>(1,522)</u>	<u>61</u>	<u>2,032</u>	<u>3,861</u>	<u>1,476</u>	<u>6,156</u>	<u>8,109</u>	<u>7,916</u>
Total business-type activities net position	437	(145)	(667)	980	2,951	4,583	5,643	7,075	8,127	7,934
Primary Government:										
Net investment in capital assets	75,223	66,749	73,180	91,132	134,129	105,568	210,160	150,782	180,910	241,993
Restricted	277,817	264,602	157,454	146,478	134,295	189,391	139,831	96,624	146,904	135,178
Unrestricted	<u>(79,327)</u>	<u>(89,755)</u>	<u>(52,906)</u>	<u>(62,090)</u>	<u>(83,542)</u>	<u>(89,565)</u>	<u>(127,030)</u>	<u>(483,029)</u>	<u>(668,635)</u>	<u>(782,469)</u>
Total primary government net position	\$ 273,713	\$ 241,596	\$ 177,728	\$ 175,520	\$ 184,882	\$ 205,394	\$ 222,961	\$ (235,623)	\$ (340,821)	\$ (405,298)

* - prior to restatement

Source: City Finance Department Data

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

Table A-2

Fiscal Year Ended June 30

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
General government	\$ 88,799	\$ 121,554	\$ 163,581	\$ 114,375	\$ 126,871	\$ 127,856	\$ 122,310	232,450	252,118	200,826
Public safety	163,149	169,083	210,132	202,706	194,761	195,022	200,169	196,529	218,603	221,095
Streets & sanitation	93,821	121,848	59,822	54,553	56,109	53,055	78,093	61,527	65,638	66,911
Culture & recreation	43,895	36,132	41,907	40,024	42,705	42,927	40,667	40,987	42,080	48,144
Interest on long-term debt	27,643	25,381	21,473	19,861	17,381	14,933	17,896	39,195	19,441	20,624
Total governmental activities expenses	417,307	473,998	496,915	431,519	437,827	433,793	459,135	570,688	597,880	557,600
Business-type activities:										
E-911 Services	3,935	4,044	4,937	4,754	4,641	4,564	5,220	5,581	6,561	4,373
Total primary government expenses	\$421,242	\$478,042	\$501,852	\$436,273	\$442,468	\$438,357	\$464,355	\$576,269	\$604,441	\$561,973
Program Revenues:										
Governmental activities:										
Charges for services										
General government:										
Business licenses & permits	85,721	91,493	82,726	90,139	97,443	97,495	94,336	180,661	103,430	101,305
Non-business licenses & permits	5,342	4,506	3,747	0	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	16,802
Streets & sanitation	1,450	1,577	595	966	1,196	449	2,675	243	(77)	379
Culture & recreation	1,275	1,341	1,327	1,171	1,506	2,073	1,762	2,055	1,864	1,569
Operating grants and contributions	19,830	15,094	18,898	24,276	25,118	19,540	24,390	57,923	15,382	14,639
Capital grants and contributions	0	0	0	0	0	0	0	7,797	0	0
Total governmental activities program revenues	128,357	131,513	128,781	134,330	142,274	135,450	140,047	268,932	141,223	134,694
Business-type activities:										
E-911 Services	3,308	3,447	4,517	6,392	6,608	6,196	6,272	7,003	7,595	4,167
Total primary government program revenues	\$131,665	\$134,960	\$133,298	\$140,722	\$148,882	\$141,646	\$146,319	275,935	148,818	138,861

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

Table A-2

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental activities	(\$288,950)	(\$342,485)	\$368,134	\$297,186	\$295,553	\$298,343	\$319,088	(\$301,755)	(\$456,655)	(\$422,906)
Business-type activities	(627)	(597)	420	(1,638)	1,967	1,632	1,052	1,422	1,033	(205)
	<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>	<u>(\$423,111)</u>
General Revenues and Other Changes in Net Position:										
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	\$165,321
Occupational taxes	76,918	76,325	73,008	74,909	77,703	77,844	78,654	81,013	84,722	89,870
Property taxes	62,698	61,663	56,699	51,369	55,656	50,367	55,842	54,808	58,570	59,139
Unrestricted grants and contributions	19,975	26,060	23,730	22,548	19,500	25,467	22,561	24,663	24,125	27,974
Investment earnings	10,684	(4,201)	8,233	13,560	5,067	8,362	11,977	5,988	1,940	8,521
Other	8,116	8,407	7,145	(217)	10,188	14,351	5,909	(3,218)	20,153	7,800
Total governmental activities	308,123	300,158	296,012	293,331	302,943	317,223	320,337	315,173	350,407	358,625
Business-type activities:										
Investment earnings	68	15	1	11	4	-	7	10	18	12
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
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>\$350,426</u>	<u>\$358,637</u>
Change (decrease) in Net Position:										
Governmental activities	\$19,173	(\$42,327)	(\$72,122)	(\$3,855)	\$7,393	\$18,880	\$1,249	\$13,418	(\$106,249)	(\$64,283)
Business-type activities	(559)	(582)	(419)	1,649	1,971	1,632	1,052	1,432	1,052	(193)
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>	<u>(\$64,476)</u>

Source: City Finance Department Data

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

Table A-3
Page 1 of 2

	Fiscal Year Ended June 30		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund			
Reserved	\$11,417	\$280	\$253
Unreserved	<u>106,065</u>	<u>94,501</u>	<u>92,027</u>
Total general fund	<u><u>\$117,482</u></u>	<u><u>\$94,781</u></u>	<u><u>\$92,280</u></u>
Other Governmental Funds:			
Reserved, reported in:			
Special revenue funds	\$113,754	\$96,755	\$77,026
Debt service funds	44,216	40,175	50,947
Capital projects funds	<u>160,696</u>	<u>138,479</u>	<u>94,500</u>
	<u>318,666</u>	<u>275,409</u>	<u>222,473</u>
Unreserved, reported in:			
Special revenue funds	(2,484)	(1,847)	(1,866)
Debt service funds		(3,666)	(5,805)
Capital projects funds			
	<u>(2,484)</u>	<u>(5,513)</u>	<u>(7,671)</u>
Total other governmental funds	<u><u>\$433,664</u></u>	<u><u>\$364,677</u></u>	<u><u>\$307,082</u></u>

Source: City Finance Department Data

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

Table A-3
Page 2 of 2

Fiscal Year Ended June 30

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund							
Nonspendable:							
Prepaid	\$280	\$344	\$344	\$428	\$482	\$478	\$608
Inventory	-	1573	1,573	1,377	1,221	1,978	1,890
Spendable:							
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	98,935	90,197	91,581	77,769	91,009	86,994	83,335
Total General Fund	<u>99,215</u>	<u>92,114</u>	<u>93,498</u>	<u>79,574</u>	<u>92,712</u>	<u>89,450</u>	<u>85,833</u>
Other Governmental Funds:							
Restricted	117,183	109,846	162,524	127,232	108,179	162,255	152,857
Committed	\$1,338	\$95,668	\$97,836	106,565	99,328	96,415	97,444
Assigned	104,963	(14)	382	1,585	0	0	1,015
Unassigned	(4,627)	788	709	(3,984)	0	(17,173)	7,368
Total other governmental funds	<u>218,857</u>	<u>206,288</u>	<u>261,451</u>	<u>231,398</u>	<u>207,507</u>	<u>241,497</u>	<u>258,684</u>
Total Fund Balance	<u><u>\$318,072</u></u>	<u><u>\$298,402</u></u>	<u><u>\$354,949</u></u>	<u><u>\$310,972</u></u>	<u><u>\$300,219</u></u>	<u><u>\$330,947</u></u>	<u><u>\$344,517</u></u>

Change in fund balance Designation due to GASB Statemtent 54
Source: City Finance Department

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

Table A-4

	Fiscal Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES:										
Taxes	\$ 269,348	\$ 276,738	\$ 265,398	\$ 267,324	\$ 280,062	\$ 280,515	\$ 291,827	\$ 300,414	\$ 317,612	\$ 327,474
Licenses and permits	91,063	87,525	78,556	79,984	87,671	86,709	87,010	91,101	85,581	80,625
Intergovernmental	39,805	41,327	44,298	45,954	45,729	44,820	40,116	41,549	38,365	47,772
Charges for services	12,927	14,069	13,943	13,856	12,826	12,586	12,214	15,995	15,195	16,505
Fines and forfeitures	4,537	7,944	6,770	5,483	4,964	4,803	4,110	3,915	3,786	3,099
Investment income	10,684	(4,199)	8,235	13,560	5,066	8,361	11,975	5,989	1,940	8,521
Other operating revenues	8,157	7,622	9,168	20,959	10,888	15,297	10,677	8,616	11,509	8,974
TOTAL REVENUES	436,521	431,026	426,368	447,120	447,206	453,091	457,929	467,579	473,988	492,970
EXPENDITURES:										
Current:										
Public safety	155,120	177,188	194,348	181,158	178,555	172,499	181,650	180,913	192,002	196,630
Street and sanitation	66,788	52,414	57,871	49,886	48,340	46,436	53,497	43,911	50,265	52,795
Cultural and recreational	42,480	34,990	37,699	34,797	33,856	36,369	36,215	36,913	39,004	44,217
General government	82,681	118,030	141,660	123,338	125,548	123,411	123,874	128,002	137,251	133,544
Other	139	-	-	-	-	-	-	-	-	-
Total current operations	347,208	382,622	431,578	389,179	386,299	378,715	395,236	389,739	418,522	427,186
Debt service:										
Principal	27,424	25,935	42,050	33,193	38,306	38,648	38,324	36,424	48,716	33,904
Interest	25,418	24,204	24,302	22,701	23,130	22,431	20,230	38,382	17,981	16,872
Total debt service	52,842	50,139	66,352	55,894	61,436	61,079	58,554	74,806	66,697	50,776
Capital outlays	31,749	93,751	10,983	37,854	19,172	31,808	50,751	38,286	55,866	77,536
Warrant/Bond issue costs	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	431,799	526,513	508,913	482,927	466,907	471,600	504,539	502,831	541,085	555,498

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

Table A-4

	Fiscal Year Ended June 30									
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)	(62,528)
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	14,680
Issuance of refunding bonds	-	-	19,960	-	8,400	-	-	-	-	-
Refunded bonds redeemed	-	-	(19,967)	-	-	-	-	-	-	-
Capital lease	-	26,500	-	-	-	1,074	-	-	11,088	61,418
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	41,133
Transfers out	(69,971)	(63,250)	(59,742)	(40,169)	(43,988)	(44,295)	(46,559)	(48,441)	(57,286)	(41,133)
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	76,098
Net change in fund balances	\$5,000	(\$68,987)	(\$61,236)	\$10,992	(\$19,670)	\$56,548	(\$48,269)	(\$10,753)	\$30,734	\$13,570
Debt service as a percentage of noncapital expenditures	13.2%	11.6%	13.3%	12.6%	13.7%	13.9%	12.9%	16.1%	13.5%	10.6%

Source: City Finance Department Data

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

Table B-1

	2008 *	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sales and Use Tax Revenue	\$129,732	\$131,904	\$127,197	\$131,162	\$134,869	\$140,832	\$145,394	\$151,919	\$160,897	\$165,321
Percentage Change from Prior Year	18.30%	1.67%	-3.57%	3.12%	2.83%	4.50%	3.24%	4.49%	5.91%	2.75%
Breakdown of Sales/Use Tax By Industry Type:										
Apparel	6,402	6,190	6,685	7,432	7,724	8,016	8,276	8,941	8,705	8,944
Automotive, RV's, Motor Homes	10,787	9,845	10,312	12,328	12,297	12,891	13,307	11,596	14,014	14,398
Building & Construction Related	11,423	14,551	12,667	13,821	14,730	15,401	15,900	17,443	16,862	17,326
Communications	2,182	2,677	2,155	1,946	2,047	2,130	2,199	1,836	2,639	2,712
Equipment & Machinery	10,758	10,884	9,855	10,404	11,148	11,650	12,027	16,507	13,419	13,788
Food and Restaurants	15,853	23,804	22,041	24,974	24,333	25,389	26,212	26,554	27,658	28,418
Furniture and Furnishings	2,852	3,447	3,329	4,241	4,351	4,550	4,698	4,614	4,586	4,712
Insurance, Finance, Real Estate	2,071	2,751	2,516	2,302	1,760	1,840	1,900	684	2,365	2,430
Medical	1,958	3,556	3,448	4,995	5,179	5,410	5,585	4,190	4,746	4,876
Personal Services, Entertainment	7,588	6,623	6,495	6,750	6,519	6,800	7,020	2,786	8,576	8,814
All Other Industries	57,858	47,576	47,694	41,969	44,781	46,755	48,270	56,768	57,327	58,903
	129,732	131,904	127,197	131,162	134,869	140,832	145,394	151,919	160,897	165,321

* 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

Fiscal Year Ended June 30										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Breakdown of Tax Revenues:										
Sales and Use Tax	\$ 129,732	\$ 131,904	\$ 127,197	\$ 131,162	\$ 134,869	\$ 140,832	\$ 145,394	\$ 151,919	\$ 160,897	\$ 165,321
Occupational Tax	76,918	76,325	73,008	74,909	77,703	77,844	78,654	81,013	84,722	89,870
Property Tax	62,698	61,663	56,699	51,369	55,656	56,388	55,842	54,808	58,570	59,139
Business Licenses	85,721	83,019	74,809	75,793	83,245	82,866	82,105	85,732	79,963	74,002
Permits	5,342	4,506	3,747	4,191	4,426	3,843	4,905	5,369	5,618	6,623
	<u>\$ 360,411</u>	<u>\$ 357,417</u>	<u>\$ 335,460</u>	<u>\$ 337,424</u>	<u>\$ 355,899</u>	<u>\$ 361,773</u>	<u>\$ 366,900</u>	<u>\$ 378,841</u>	<u>\$ 389,770</u>	<u>\$ 394,955</u>
% of Sales & Use to Total Taxes	36.00%	36.90%	37.92%	38.87%	37.90%	38.93%	39.63%	40.10%	41.28%	41.86%

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, \$3,947,279, \$3,144,824, \$4,009,941, \$2,891,796, \$3,659,782, \$3,632,112 and \$3,808,438 in 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017 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, \$1,159,722, \$1,172,297, \$1,164,355, \$1,208,827, \$1,222,015 and \$1,260,629 in 2011, 2012, 2013, 2014, 2015, 2016 and 2017, respectively.

Source: Finance Department Data

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
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
2017	304,087,451	122,103,000	14,853,000	70,888,049	56,840,000	568,771,500	3,927,870,159	14.48%	\$2,680

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
2008	2000	242,820	2,810,565,632	575,196,000	43,205,000	531,991,000	18.93%	\$ 2,191
2009	2000	242,820	2,937,624,552	572,546,000	40,175,000	532,371,000	18.12%	\$ 2,192
2010	2000	242,820	2,880,265,253	478,635,000	36,317,088	442,317,912	15.36%	\$ 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
2017	2010	212,237	3,101,825,069	568,771,500	32,533,139	536,238,361	17.29%	\$ 2,527

*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	Total	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	Assessed Value	Estimated True Value	
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%
2016	208,935,380	696,451,267	2,180,396,100	10,901,980,500	415,341,480	4,153,414,800	297,152,109	1,981,014,060	3,101,825,069	17,732,860,627	17.49%

[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 then

[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 the fair and reasonable market value thereof. Class II amounts do not include the amounts or values of any abatements, industrial exemptions, other 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 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 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 percent of the fair and reasonable market value then

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

Table C-4

<u>Direct Debt</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City of Birmingham:					
Gross bonded debt and warrants outstanding*	\$ 546,727	\$ 515,748	\$ 483,790	\$ 527,525	\$ 568,772
Direct Debt	546,727	515,748	483,790	527,525	568,772
 <u>Overlapping Debt</u>					
Jefferson County, Alabama overlapping debt ¹	982,080	1,000,645	917,390	822,480	722,650
Jefferson County Board of Education ²	78,990	67,900	80,717	69,723	55,362
Total bonds and warrants outstanding	1,061,070	1,068,545	998,107	892,203	778,012
% of debt applicable to City of Birmingham	30.4%	30.0%	31.9%	32.0%	31.6%
City of Birmingham Debt Burden	322,565	320,564	318,396	285,505	245,852
 Shelby County, Alabama ³	-	-	31,725	56,055	52,495
Shelby County, Alabama Board of Education ⁴	181,530	176,173	170,590	201,285	198,430
	181,530	176,173	202,315	257,340	250,925
% of debt applicable to City of Birmingham	1.8%	2.0%	1.9%	2.0%	2.0%
City of Birmingham Debt Burden	3,268	3,523	3,844	5,147	5,019
 Total Overlapping Debt	325,833	324,087	322,240	290,652	250,870
 Total Direct and Overlapping Debt	<u>\$ 872,560</u>	<u>\$ 839,835</u>	<u>\$ 806,030</u>	<u>\$ 818,177</u>	<u>\$ 819,642</u>

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

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

¹ Source: Jefferson County Director of Finance.

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

³ Source: Shelby County Finance Manager

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

*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
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
2017	\$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
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
2017	\$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, 2017

Table C-6

Net Assessed Value of Real and Personal Property(1)	\$3,101,825,069
Debt Limit (20% of Assessed Value, see note below)	620,365,013
Outstanding General Obligation Bonds, Warrants and a Lease(2)	\$ 452,594,315
Less Exemption for School and Sewer Debt(3)	(53,960,000)
Less Debt Service Fund Balance(4)	<u>(32,533,139)</u>
	<u>366,101,176</u>
Legal Debt Margin	\$ 254,263,837

(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, TIF Warrants, Economic Development Incentive Obligations (\$938,970), Birmingham Zoo Obligations (\$10,500,000), and a lease (\$111,894), all as of June 30, 2017. Does not include any other obligation of the City and does not reflect principal payments made on any obligations after June 30, 2017. 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, 2017

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

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 \$233,648,869. 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 \$66,130,000) and the Public Athletic and Entertainment Board of the City of Birmingham (currently outstanding in the principal amount of \$56,600,000), 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

City of Birmingham			
Beginning October 1	Total Taxes Levied	Total Taxes Collected	Percentage
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%
2016	76,563,911	72,594,117	94.82%

*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, 2017			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	\$188,665,000	1	6.08%	\$112,625,760	1	4.05%
Affinity Hospital LLC	\$66,726,220	2	2.15%			
Oxmoor Center LLC	36,438,680	3	1.17%	\$40,058,905	3	1.44%
American Cast Iron Pipe	\$30,929,940	4	1.00%	\$60,234,080	2	2.16%
Bellsouth Telecommunications	\$27,326,540	5	0.88%			
GSA Birmingham Realty	22,458,580	6	0.72%			
BBVA Compass Bank	22,201,960	7	0.72%			
KAMTEC, Inc.	19,690,120	8	0.63%			
SL Regions LLC	17,704,400	9	0.57%			
Alabama Gas Corp.	16,931,780	10	0.55%	17,555,140	7	0.63%
HealthSouth Corporation				21,191,160	4	0.76%
Murray-Ash Plaza, Inc.				18,418,320	6	0.66%
Chase Bank of Texas				19,497,660	5	0.70%
Tish Roberts Preston				15,385,780	8	0.55%
Birmingham Logistics				11,895,400	9	0.43%
Tomorrow 35 Federal LP				11,282,686	10	0.41%
	<u>\$449,073,220</u>		<u>14.48%</u>	<u>\$328,144,891</u>		<u>12.78%</u>

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	Birmingham Hoover MA Annual Average	
				Unemployment Rate	Unemployment Rate
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%
2017	212,237	30,212	18,507	5.9%	4.4%

Population figures based on 2000 and 2010 census

Unemployment rates source: Alabama Department of Labor in cooperation with the Bureau of Labor Statistics. 2017 City and MA rate is preliminary July, 2017 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	-----2017-----		-----2007-----	
	# of Employees	Rank	# of Employees	Rank
University of Alabama in Birmingham***	23,000	1	21,550	1
Regions Financial Corporation/AmSouth	9,000	2	5,000	5
St. Vincent's/Eastern Health System	5,100	3	5,100	4
Children's Health System	5,000	4	3,200	8
ATT/Bellsouth	4,517	5	5,485	3
Honda Manufacturing of Alabama, LLC**	4,500	6	4,500	6
Brookwood Baptist Health System	4,459	7	6,600	2
Mercedes-Benz U. S International, Inc.**	3,600	8	0	
Blue Cross Blue Shield of Alabama	3,100	9	3,000	10
Alabama Power Company	3,092	10	3,000	10
Birmingham Veterans Affairs Medical Center	2,440	11	1,800	
BBVA Compass Bank	2,285	12	2,696	11
Grandview Medical Center	2,172	13		
Wells Fargo/Wachovia	1,978	14	3,094	9
Southern Company Services*	1,881	15	1,000	
Dollar General Distribution Center	1,700	16		
EBSCO Industries, Inc.	1,600	17		
Protective Life Corp.	1,550	18	1,252	
American Family Care, Inc.	1,464	19		
American Cast Iron Pipe	1,400	20	2,400	12
Samford University	1,289	21		
Drummond Companies	1,283	22		
Shelby Baptist Medical Center	1,125	23		
State Farm Insurance	1,069	24		
Encompass Health Corporation (Healthsouth)	1,043	25		
Brunos Supermarkets, Inc.	0		3,477	7
U. S. Steel	700		2,400	12
Saks Incorporated	0		2,083	13
Marshall Durbin	450		2,000	14
Buffalo Rock Company	800		2,400	12

*Part of Southern Company

**Located Outside Metro Area

***Includes UAB Health Services Foundation

Does not include aggregated multiple location employers

Source: Birmingham Business Alliance/Birmingham Chamber of Commerce

**Metropolitan Birmingham Largest Employers
by Industry 2017**

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	9,000	Financial Services (Banking)	Headquarters
3	St. Vincent's Health System	5,100	Healthcare Services	Headquarters
4	Children's Health System/Children's of Alabama	5,000	Healthcare Services/Pediatrics	Headquarters
5	AT&T	4,517	Telecommunications	Regional
6	Honda Manufacturing of Alabama, LLC**	4,500	Manufacturing advanced automotive	Regional
7	Brookwood Baptist Health System, Inc.	4,459	Healthcare Services	Headquarters
8	Jefferson County Board of Education	4,400	Government Public Education	Headquarters
9	City of Birmingham	4,200	Government, City Administration	Headquarters
10	Mercedes-Benz U. S. International, Inc.**	3,600	Manufacturing advanced automotive	Headquarters
11	Blue Cross-Blue Shield of Alabama	3,100	Insurance, employee benefits	Major Operations
12	Alabama Power Company	3,092	Utilities Services, Electrical	Headquarters
13	Birmingham Board of Education	2,721	Government, Public Education	Headquarters
14	Jefferson County Commission	2,500	Government, County Administration	Headquarters
15	Shelby County Board of Education	2,491	Government, Public Education	Headquarters
16	Birmingham Veterans Affairs Medical Center	2,440	Healthcare Services	Major Operations
17	BBVA Compass Bank	2,285	Financial Services (Banking)	Headquarters
18	Grandview Medical Center	2,172	Health Care Services, Hospital	Headquarters
19	U. S. Postal Service	2,000	Government Mail Processing	Major Operations
20	Wells Fargo	1,978	Financial Services (Banking)	Major Operations
21	Southern Company Services	1,881	Utilities/Engineering	Divisional Headquarters
22	U.S. Social Security Administration	1,800	Social Security Benefits	Major Operations
23	Hoover Board of Education	1,773	Government, Public Education	Headquarters
24	Dollar General Distribution Center	1,700	Wholesale Distribution	Regional
25	EBSCO Industries, Inc.	1,600	Professional Services and Manufacturing	Headquarters

Source: Birmingham Business Alliance

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

**Not in SMA.

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

Table E-1

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
City Clerk	12	12	12	8	10	10	10	9	9	9
City Council	44	44	43	39	40	37	38	38	38	37
Community Development	11	11	9	7	7	7	7	10	11	14
Finance	111	115	112	104	106	104	107	110	116	105
Law	34	34	34	36	38	40	37	38	38	39
Mayor's Office	65	82	78	79	89	89	91	93	90	92
Equipment Management	83	83	99	89	85	88	87	90	91	89
Information Management Services	55	45	53	42	43	47	45	46	60	58
Personnel	35	35	32	29	32	31	32	28	31	28
Public Safety:										
Planning, Engineering, & Permits	194	194	172	141	149	150	143	147	144	144
Communications	0	0	9	0	0	0	0	0	0	0
Parole & Probation	10	10	0	0	0	0	0	0	0	0
Municipal Court	63	61	66	66	66	69	70	70	87	90
Traffic Engineering	84	84	78	63	65	66	68	69	68	68
Police:										
Officers	859	909	822	839	854	842	852	827	829	822
Civilians	322	373	373	283	289	285	277	285	238	224
Fire:										
Officers	648	648	626	634	617	603	608	627	627	635
Civilians	61	61	61	63	73	62	59	64	61	61
Streets & Sanitation:										
Public Works	1,088	1071	982	906	878	928	929	781	832	840
Horticulture & Urban Forestry	0	0	153	0	0	0	0	0	0	0
Culture & Recreation:										
State Fairgrounds	5	5	4	3	14	17	16	17	34	35
Auditorium	21	21	21	31	28	26	29	28	28	30
Arlington	12	12	10	9	10	10	9	9	9	10
Library	300	326	320	290	292	298	287	274	259	267
Museum of Art	42	42	40	39	39	39	35	32	37	40
Parks & Recreation	305	303	172	257	245	237	262	250	247	325
Southern Museum of Flight	9	9	9	8	9	11	9	10	10	10
Sloss Furnaces	14	14	12	8	5	13	7	8	15	19
Totals	<u>4,487</u>	<u>4,604</u>	<u>4,402</u>	<u>4,073</u>	<u>4,083</u>	<u>4,109</u>	<u>4,114</u>	<u>3,960</u>	<u>4,009</u>	<u>4,091</u>

Source: City Budget Office

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

Table E-2

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police precincts	4	4	4	5	4	4	4	4	4	4
Police substations	6	6	4	3	6	5	5	8	6	4
Fire stations	31	31	31	31	31	32	32	32	31	32
Street lights	39,000	39,000	39,000	39,000	32,000	32,000	30,000	29,238	29,238	19,315
Traffic signals	710	710	710	710	702	702	702	702	702	702
Street miles	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Parks & recreation:										
Number of Parks	111	111	112	114	114	115	115	115	116	116
Acreage of Parks	2,635	2,635	2,635	2,683	2,683	2,746	2,746	2,746	2,748	2,748
Recreation/community centers	18	18	19	20	22	23	23	24	24	24
Playgrounds	79	79	79	81	78	125	125	127	129	129
Baseball/softball fields	40	40	40	42	35	41	47	49	56	56
Soccer/football fields	15	15	15	16	15	12	12	16	16	16
Libraries:										
Central	1	1	1	1	1	1	1	1	1	1
Branches	19	19	19	18	18	18	18	18	18	18

Source: Various City departments

City of Birmingham
Operating Indicators

Table E3

BIRMINGHAM E911 CALL CENTER STATISTICS 2017

Calls Answered		2012	2013	2014	2015	2016	2017
911 Calls		245,198	413,033	412,021	418,529	417,539	374,727
328-9311 Calls		44,248	154,669	156,191	151,567	141,483	143,686
254-0800 Calls		93,984	38,582	32,087	27,122	24,246	22,706
254-2000 Calls			60,899	122,370	116,950	74,047	65,283
Total		383,430	667,183	722,669	714,168	657,315	606,402
Calls dispatched 2016		2012	2013	2014	2015	2016	2017
Day		236,061	254,080	245,317	243,546	216,006	219,507
Evening		276,779	284,828	257,086	255,365	230,745	234,171
Morning		124,639	117,952	101,312	98,920	91,121	94,287
Total		637,479	656,860	603,715	597,831	537,872	547,965
Arrest/Traffic Calls		2012	2013	2014	2015	2016	2017
Arrest Calls		14808	8695	17505	10456	9,729	9,644
Traffic Citations Calls		25999	26442	26770	25434	28,021	30,824
Total		40807	35137	44275	35890	37750	40468

2009-2016 PERMIT VALUATIONS AND COUNTS

Table E-4

FY 2009 Permits		
Permit Type	Valuation	Count
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
Totals	\$659,506,521.00	8,691

FY 2013 Permits		
Permit Type	Valuation	Count
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
Totals	\$698,946,349.00	8,319

FY 2017 Permits		
Permit Type	Valuation	Count
BLD	\$645,079,904.00	3,036
ELE	\$92,692,285.00	4,993
GAS	\$1,756,025.00	935
MEC	\$54,019,499.00	884
MFD	\$502,953.00	19
PLB	\$23,892,492.00	1,088
Totals	\$817,943,158.00	10,955

FY 2010 Permits		
Permit Type	Valuation	Count
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
Totals	\$597,905,969.00	7,620

FY 2014 Permits		
Permit Type	Valuation	Count
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
Totals	\$549,720,178.00	8,117

FY 2011 Permits		
Permit Type	Valuation	Count
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
Totals	\$444,202,565.00	7,375

FY 2015 Permits		
Permit Type	Valuation	Count
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
Totals	\$920,701,524.00	10,315

FY 2012 Permits		
Permit Type	Valuation	Count
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
Totals	\$785,013,904.00	7,375

FY 2016 Permits		
Permit Type	Valuation	Count
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
Totals	\$710,498,757.00	10,315

City of Birmingham
Police Department Statistics

Table E-5

2017/ January-June								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	43	101	488	1413	1380	4709	618	8752
CLEARED	13	14	124	338	137	335	65	1026
RATE	30.23%	13.86%	25.41%	23.92%	9.93%	7.11%	10.52%	11.72%
2016								
CRIME	HOMICIDE	RAPE	ROBBERY	ASSAULT	BURGLARY	THEFT	AUTO THEFT	TOTAL PART ONES
TOTAL	92	179	1019	2708	3161	9343	1178	17680
CLEARED	57	34	285	679	314	580	147	2096
RATE	61.96%	18.99%	27.97%	25.07%	9.93%	6.21%	12.48%	11.86%
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

	2013	2014	2015	2016	2017	TOTAL
DRUG/ALCOHOL RELATED CASES	793	726	4,283	4,711	5,183	15,696
GUN COURT CASES	490	311	348	557	613	2,319
TRAFFIC CASES	57,208	32,186	47,652	52,417	57,659	247,122
NON-TRAFFIC CASES	12,218	10,353	33,052	36,357	39,993	131,973

TICKETS ISSUED

	2013	2014	2015	2016	2017	TOTAL
PARKING TICKETS	61,573	62,143	95,183	104,702	115,173	438,774
EQUIPMENT REPAIR TICKETS(LIGHTS)	5,279	2,795	1,315	1,681	1,513	12,583

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
2018	16,764,000	4,877,304	21,641,304	15,585,000	12,510,020	28,095,020	32,349,000	17,387,324	49,736,324
2019	10,766,500	4,287,008	15,053,508	16,313,833	12,274,145	28,587,978	27,080,333	16,561,153	43,641,486
2020	9,784,500	4,004,767	13,789,267	11,179,800	13,989,453	25,169,253	20,964,300	17,994,220	38,958,520
2021	9,274,000	3,711,604	12,985,604	10,040,418	13,617,924	23,658,342	19,314,418	17,329,528	36,643,946
2022	9,515,000	3,420,737	12,935,737	9,073,255	13,217,990	22,291,245	18,588,255	16,638,727	35,226,982
2023	9,784,500	3,117,770	12,902,270	10,967,845	12,871,901	23,839,746	20,752,345	15,989,671	36,742,016
2024	6,898,000	2,823,505	9,721,505	9,246,730	12,371,380	21,618,110	16,144,730	15,194,885	31,339,615
2025	7,108,000	2,546,844	9,654,844	9,829,559	11,949,146	21,778,705	16,937,559	14,495,990	31,433,549
2026	7,338,000	2,258,614	9,596,614	12,945,649	11,425,244	24,370,893	20,283,649	13,683,858	33,967,507
2027	6,055,000	1,968,141	8,023,141	13,620,860	10,800,070	24,420,930	19,675,860	12,768,211	32,444,071
2028	6,303,000	1,720,355	8,023,355	14,331,932	10,136,434	24,468,366	20,634,932	11,856,789	32,491,721
2029	5,385,000	1,472,253	6,857,253	15,065,243	9,444,022	24,509,265	20,450,243	10,916,275	31,366,518
2030	5,230,000	1,245,766	6,475,766	15,855,114	8,707,314	24,562,428	21,085,114	9,953,080	31,038,194
2031	3,535,000	1,010,572	4,545,572	16,650,951	7,963,387	24,614,338	20,185,951	8,973,959	29,159,910
2032	3,660,000	888,825	4,548,825	17,486,609	7,192,344	24,678,953	21,146,609	8,081,169	29,227,778
2033	3,790,000	760,519	4,550,519	18,392,806	6,354,008	24,746,814	22,182,806	7,114,527	29,297,333
2034	2,010,000	597,597	2,607,597	6,180,830	5,791,984	11,972,814	8,190,830	6,389,581	14,580,411
2035	2,085,000	522,423	2,607,423	6,500,271	5,611,974	12,112,245	8,585,271	6,134,397	14,719,668
2036	2,165,000	444,444	2,609,444	6,817,752	5,831,711	12,649,463	8,982,752	6,276,155	15,258,907
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
Total	136,955,500	42,608,471	179,563,971	304,087,454	223,142,164	527,229,618	441,042,954	265,750,635	706,793,589

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

Fiscal Year Ending June 30	Series 2011-A (Tax-Exempt)			Series 2011-B (Federally Taxable)			Table F-2 Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
			Debt Service			Debt Service			Debt Service
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	\$52,135,213	\$110,365,213	\$7,900,000	\$1,477,500	\$9,377,500	\$66,130,000	\$53,612,713	\$119,742,713

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
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Total Debt Service	Principal	Interest	Total Debt Service
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	<u>2,925,000</u>	<u>80,438</u>	<u>3,005,438</u>	<u>280,000</u>	<u>9,625</u>	<u>289,625</u>	<u>265,000</u>	<u>9,100</u>	<u>274,100</u>	<u>563,725</u>	<u>3,470,000</u>	<u>99,163</u>	<u>3,569,163</u>
Total	\$49,090,000	\$27,362,709	\$76,452,709	\$3,775,000	\$3,493,918	\$7,268,918	\$3,735,000	\$3,127,824	\$6,862,824	\$14,131,742	\$56,600,000	\$33,984,451	\$90,584,451

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 permium. The Bonds are also 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
2017	\$3,856,565

*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 (1)
2015	\$630,000 (2)
2016	\$630,000 (3)
2017	\$637,450 (4)

(1)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.

(2)Revenue received was \$630,000 and \$153,888 was deposited into the Operations, Maintenance and Repair Expense Fund, held by the Bond Trustee.

(3)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.

(4)Revenue received was \$637,450 and a net amount of \$135,551 was generated for Repair and Maintenance

**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	Principal	Interest	Total Debt Service
June 30			
2018	94,666	6,560	101,226
2019	110,000	2,625	112,625
2020	35,000	638	35,638
Total	239,666	9,823	249,489

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**

15-Oct	Beginning Balance of Obligation	Planned Payment Obligation	Actual Payment	Ending Balance of Obligation
2015	2,600,000.00		827,945.49	1,772,054.51
2016	1,772,054.51		955,071.95	816,982.56
2017	816,982.56	371,430.00		816,982.56
2018	816,982.56	371,430.00		816,982.56
2019	816,982.56	74,122.56		816,982.56
2020	816,982.56	0.00		816,982.56
2021	816,982.56	0.00		816,982.56
		816,982.56	1,783,017.44	

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 paid to the Developer/Contractor and will reduce the remaining obligation from the last amount due. During 2017, funds were available to pay an extra amount of \$583,641.95, which reduced the amount due from the last payment obligations by an equal amount.

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

Table F-7

General Obligation Warrants Series 2012-RB and 2012-CTB

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
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
Total	\$4,025,000	\$764,584	\$4,789,584	\$585,000	\$80,609	\$665,609	\$4,610,000	\$845,193	\$5,455,193

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
2018	1,155,000	13,283	1,168,283
Total	\$1,155,000	\$13,283	\$1,168,283

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

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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
Total	\$14,853,000	\$2,562,823	\$17,415,823

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**

General Obligation Refunding Warrants Series 2014-PNC

Table F-10

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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
Total	2,215,000.00	69,052.50	2,284,052.50

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
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
Total	17,975,000	2,242,976	\$20,217,976

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 2016-C

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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	1,980,641	\$18,020,641

The Bonds carry an interest rate of 4.11%.

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

Table F-13

General Obligation Refunding Bond (Federally Taxable), Series 2016-D

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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
Total	12,120,000	2,519,080	14,639,080

The Bonds carry an interest rate of 3.91%.

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

Table F-14

General Obligation Warrants, Series 2014-PNC3

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2018	255,000	5,968	260,968
2019	260,000	2,002	262,002
Total	515,000	7,970	\$522,970

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
Total	43,930,273	18,963,669	62,893,942

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
Total	17,487,893	6,599,088	24,086,981

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**

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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
Total	13,617,500	637,611	14,255,111

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**

Table F-18

**Annual Appropriation Lease - Banc of America Public Capital
Corporation - Motorola**

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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
Total	5,999,957.16		5,999,957.16

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**

Table F-19

Annual Appropriation Lease - Banc of America Leasing and Capital 2016

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
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
Total	2,663,820	383,358	3,047,178

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**

Table F-20

Annual Appropriation Lease - Motorola Solutions, Inc.

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2018	347,105.33		347,105.33
2019	347,105.33		347,105.33
Total	694,210.66		694,210.66

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.

**Birmingham Emergency Management
Communications District
Debt Service Schedules
Privately Placed Debt**

Table F-21

**Annual Appropriation Lease - Banc of America Public Capital
Corporation - Motorola**

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2018	175,666.67		175,666.67
2019	175,666.67		175,666.67
Total	351,333.34		351,333.34

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.

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

Table F-22

**General Obligation Warrants Dated June 29, 2017
Citizens (Taxable)**

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2018		17,500	17,500
2019	500,000	17,500	517,500
Total	500,000	35,000	535,000

The warrants carry a variable rate of Prime minus .75% and are callable at any time.

City of Birmingham
Debt Service Schedules
Privately Placed Debt
General Obligation Warrants Dated June 29, 2017
Compass (Taxable)

Table F-23

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2018		12,060	12,060
2019	450,000	12,060	462,060
Total	450,000	24,120	474,120

The warrants carry a variable rate of 30 day LIBOR plus 1.45% and are and are callable at any time. This warrant is authorized for an amount of \$2 million and can be accessed at any time up to that amount.

Commercial Development Authority of the City
of Birmingham Crossplex Village Project
Debt Service Schedule
Conduit Issuer - General Obligation Funding Agreement
Privately Placed Debt

Table F-24

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2018		571,200	571,200
2019		571,200	571,200
2020	375,703	565,500	941,203
2021	391,268	549,936	941,204
2022	407,477	533,727	941,204
2023	424,359	516,845	941,204
2024	441,940	499,264	941,204
2025	460,249	480,955	941,204
2026	479,316	461,888	941,204
2027	499,173	442,031	941,204
2028	519,853	421,351	941,204
2029	541,390	399,814	941,204
2030	563,820	377,385	941,205
2031	587,177	354,027	941,204
2032	611,504	329,726	941,230
2033	636,837	304,367	941,204
2034	663,220	277,984	941,204
2035	690,695	250,508	941,203
2036	719,311	221,893	941,204
2037	749,111	192,093	941,204
2038	780,145	161,058	941,203
2039	812,465	128,738	941,203
2040	846,125	95,079	941,204
2041	881,178	60,025	941,203
2042	917,684	23,520	941,204
Total	14,000,000	8,790,114	22,790,114

Pursuant to a funding, Incentive and Reimbursement Agreement, dated April 1, 2017, the City guaranteed payment of the debt service on this issue in order to encourage the commercial development of a major City owned property, adjacent to the City's Crossplex sports facility. Should tax revenue be insufficient to cover the debt service, the City is obligated to advance funds for the debt service. This debt is expected to be refinanced by private sources when New Market Tax Credits end in approximately September, 2024 and the City's guaranty will end at that time.