



Jefferson County Alabama

Comprehensive Annual Financial Report

For Fiscal Year Ended September 30, 2020



Chief Financial Officer - Angela M. Dixon

Comprehensive Annual Financial Report



For Fiscal Year Ended September 30, 2020

Chief Financial Officer, Angela M. Dixon



Old Jefferson County Courthouse in 1907



Jefferson County, Alabama
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020

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INTRODUCTION SECTION



Old Jefferson County Courthouse in 1907

JEFFERSON COUNTY COMMISSION



JAMES A. (JIMMIE) STEPHENS - President
LASHUNDA SCALES - President Pro-Tempore
STEVE AMMONS
T. JOE KNIGHT
SHEILA TYSON

Tony Petelos
County Manager

Angela M. Dixon CPA
Chief Financial Officer
716 Richard Arrington Jr. Blvd. N.
Room 820
Birmingham, AL 35203
205-731-2903

April 29, 2021

To the Jefferson County Commissioners and the Citizens of Jefferson County:

Jefferson County's Comprehensive Annual Financial Report (CAFR) for fiscal year 2020 represents the official comprehensive publication of the county's financial position as of September 30, 2020. This is the first CAFR submitted by Jefferson County since the bankruptcy in 2011.

The Jefferson County Finance Department is responsible for the accuracy of the data, including disclosures, along with the Management of Jefferson County. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The submitted statements were subjected to an independent audit by Warren Averett LLC. The firm has issued an unmodified opinion on Jefferson County's financial statements for the year ended September 30, 2020. Warren Averett's report is included in the Financial section of this CAFR.

Following the audit report letter is the County's Management Discussion and Analysis (MD&A), which provides a narrative, an introduction, overview, and analysis of the basic financial statements. This letter of transmittal is complemented by the MD&A and should be read in conjunction with the transmittal.

County Overview

Founded in 1819, Jefferson County is the most populous county in the State of Alabama (according to the 2019 Population Estimates by the US Census Bureau, 658,573 residents) and an economic engine for the state. The County covers approximately 1,124 square miles and is divided into two divisions – the Birmingham and Bessemer Divisions, each having their own judicial district, courthouse, and county offices.

Jefferson County is home to 34 municipalities within its boundaries and five more that partly extend into the county for a total of 39, the most of any county in the State and one of the highest numbers in the nation. There are five elected Commissioners who serve four-year terms. The Commissioners do not have oversight over the municipalities, but they do act as liaisons between the cities and towns in their districts.

Jefferson County Roads and Transportation Department is split into two service districts (Ketona and Bessemer), and is responsible for the maintenance of more than 1,800 miles of road to pave, 11,500 drainage crossings, and 296 bridges. They have 5,100 acres of roadside to mow, clear and maintain, more than 41,500 traffic signs and 434 traffic signals.

The Environmental Services Department manages nine water reclamation facilities, serving 23 of the municipalities in our borders, along with small portions of neighboring Shelby County and St. Clair County. Those facilities treat an average of 100 million gallons of wastewater per day.

The Community Services and Workforce Development Department offers the community a wealth of information and opportunity. They provide senior programs and services to those in need across the county. In addition, they work with the community on housing and community grant programs, as well as cities with opportunities to collaborate on building storm shelters, community centers and other grant projects.

The Development Services Department facilitates investment in the county and promotes orderly growth and environmental quality to create a balanced, sustainable community that enhances the quality of life and protects the health, safety, and welfare of residents, business owners and visitors.

Form of Government

Pursuant to Alabama Act 2011-69, in 2011 Jefferson County implemented the County Manager form of government. Under the County Manager form of government, the county commission is responsible for legislative functions such as establishing policy, passing local ordinances, approving all contracts and expenses, and developing a vision of the organization. The County Manager is responsible for managing operations in conjunction with the department heads. (See organization chart included in this Introduction Section.)

The accompanying financial statements present the activities of the Jefferson County Commission's primary government and its component units. The blended component units are Jefferson County Economic and Industrial Development Authority (JCEIDA) and Hallmark Farms Cooperative District. Note A to the Financial Statements provides additional guidance on these representations.

The Commission is required to adopt an initial annual budget no later than the first meeting in October. This annual budget serves as a foundation for Jefferson County's financial planning and control. The proposed budget appropriation must not exceed the total revenue available for appropriation. The budget is prepared by fund and department. Departments may transfer certain resources within a departmental budget based upon their needs. However, transfers between departments and unexpected budget needs (including personnel changes) must receive approval from the Commission before adjustments can be made.

Local Economy

The local economy for Jefferson County is largely driven by the healthcare sector with the principal employer being the University of Alabama at Birmingham (UAB). With an estimated employment base of roughly 23,000 persons in 2020 and research awards totaling over \$325 million from the National Institutes of Health, UAB continues to be a leader in the Birmingham community. Other healthcare services headquartered in Jefferson County are St. Vincent's Health Systems, Children's Health Systems, and Brookwood Baptist Health. These businesses employ over 14% of the county population.

Despite a relatively stable economy in healthcare, the county's 2020 unemployment rose to 4.6% compared to 2019's number of 2.3%, principally rooted in the pandemic activities related to COVID19. In 2011, however, the county unemployment was reported at 7.5% when the economy was still recovering from the 2008 recession. Although unemployment rates, principally with Birmingham-Hoover metropolitan area, have risen over the year, Jefferson County numbers remain below the average. The 2019 median income for Jefferson County individuals was \$53,944.

Long-Term Financial Planning and Major Initiatives

In November 2020, based on the mission and vision statements, Jefferson County published a five-year strategic plan. The four main goals have key initiatives and specific measurable objectives. This plan can be found on the county website along with performance indicators that are updated quarterly, so the public can see how the county is making progress.

The four main goals are:

1. Promote a citizen focused culture that strives for accountability and consistent, efficient, delivery of service.
2. Create a quality infrastructure that is efficient and serves the community.
3. Attract, select, develop, and retain a skilled and diverse workforce.
4. Build the economic stability of the county and continue to create a culture of trust and financial transparency.

By publicly sharing the goals and objectives with citizens and demonstrating accountability, the hope is to continue to build the trust of the Jefferson County community. Major initiatives that are currently being implemented to facilitate trust are the following:

1. The development of a Master Plan in Environmental Services to govern sewer expansion needs and to plan for the next five years to resolve the stream water issues facing the county after a federal Consent Decree ordered Jefferson County to improve and upgrade its sewer system. Sewer rates are expected to increase for the next 40 years as the county repays sewer system creditors.
2. The County is committed to seeking new and innovative ways to upgrade the public infrastructure by encouraging regional cooperation with projects. Some of these projects included renovations of the 2121 Building and the County Youth Detention facility.

3. The County looks forward to continuing progress by attracting new businesses, developing a quality workforce, and improving the life for its citizens. This included investing roughly \$10M dollars annually for business development which includes a \$2.5M commitment for the World Games 2022 to be held in Birmingham, AL from July 7-17, 2022.

Relevant Financial Policies

Jefferson County is committed to ensuring that fiscal stability is maintained to better offer our citizens essential services. Jefferson County maintains a very significant General Fund fund balance. Additionally, to ensure the long-term financial health of the County, Jefferson County has established three separate reserve funds (Economic Uncertainty Fund, Budget Stabilization Fund, and Catastrophic Event Fund). As of September 30, 2020, the County's total cash reserve balance in these three emergency reserve accounts was approximately \$36.1 million. The county leadership is committed to increasing the county's reserve balance from the excess of revenues over expenditures on an annual basis.

Jefferson County has an important responsibility to its citizens to carefully account for public funds, to wisely manage these funds, and to plan the adequate funding of services the public considers necessary. The County has taken great steps to ensure that necessary government services are fully funded and provided to the community. The scope of the policies to assist in this accountability spans general budget, revenue, debt, investment, reserve, financial reporting, transfer, asset inventory and long-range strategic policies.

COVID-19 Response and CARES Act Funding

Like every state, city, and county across the country Jefferson County experienced significant impacts from the COVID-19 pandemic. As the largest county in the state of Alabama, Jefferson County received its own allotment of CARES-Act funding. The Jefferson County Commission worked with the County Manager's office to establish a process in distributing these funds into the community to provide relief and critical testing. By using well known consultant Witt O'Brien's, every expenditure was reviewed for eligibility prior to being presented to the commission for approval. The process was set in place to have multiple checks and balances to ensure the funding was being spent within the federal guidelines. Funds were distributed to every municipality within Jefferson County to help with a multitude of expenses including hazard pay for front line workers, increased testing locations, a special COVID-19 nursing home unit, and funding for vaccine sites.

Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award for the Commission's annual budget document dated October 1, 2019. To qualify for the Distinguished Budget Presentation Award, the Commission's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this document could not have been accomplished without the dedicated efforts of the staff of the Finance Department and County Administration. Appreciation is expressed to all members of the government for assisting and contributing to the preparation of this report.

Respectfully submitted,



Angela M. Dixon
Chief Financial Officer
Jefferson County Commission



Jefferson County Commissioners

As Of September 30, 2020



Commissioner
Joe Knight
District 4

Commissioner
Lashunda Scales
District 1

Commissioner
James Stephens
District 3

Commissioner
Sheila Tyson
District 2

Commissioner
Steve Ammons
District 5



Government Structure



*County Manager is appointing authority for merit employees in these departments.
 **Chief Financial Officer serves as Finance Director.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Jefferson County

Alabama

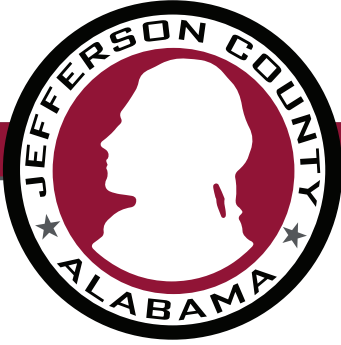
For the Fiscal Year Beginning

October 1, 2019

Christopher P. Morill

Executive Director

FINANCIAL SECTION



Old Jefferson County Courthouse in 1907

INDEPENDENT AUDITORS' REPORT

To the Commissioners
Jefferson County Commission

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Jefferson County Commission (the Commission) as of and for the year ended September 30, 2020, and the related notes to financial statements, which collectively comprise the Commission'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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jefferson County Economic and Industrial Development Authority (the Development Authority), a blended component unit, which represents less than one percent of the assets, net position and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Development Authority, 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 of 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 auditors' 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 auditors consider internal control relevant to the Commission'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 Commission'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 and the report of the other auditors are sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Jefferson County Commission as of September 30, 2020, 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 and budgetary comparison information on pages 12 through 20 and pages 107 through 112, respectively, and the pension and other post-employment benefits schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the statistical section, the statement of changes in assets and liabilities – agency funds, and the combining general fund financial statements by category, 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, the statement of changes in assets and liabilities – agency funds, and the combining general fund financial statements by category are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of the other auditors, the combining and individual nonmajor fund financial statements, the statement of changes in assets and liabilities – agency funds, and the combining general fund financial statements by category 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Warren Averett, LLC

Birmingham, Alabama
March 31, 2021

**JEFFERSON COUNTY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Management's Discussion and Analysis

This section of the Jefferson County Commission's Annual Financial Report represents our discussion and analysis of the Commission's financial performance during the fiscal year ended on September 30, 2020. It has been developed in accordance with the Governmental Accounting Standards Board (GASB) Statement Number 34. It is intended to provide the readers of this report with a general overview of the financial activities of the Commission during fiscal year 2020. The information in this section should be considered only in the context of the financial statements and notes to financial statements that follow.

Financial Highlights

- The Commission's net position decreased \$14.6 million from current year operations. Net position of our business-type activities decreased by \$116.7 million from current year operations, while the net position of our governmental activities increased by \$102.0 million from current year operations. The decrease of business activities is primarily due to sanitary operations debt-related interest expenses. The governmental activities increase is due to continued growth in property tax and sales tax revenues.
- The net position of the governmental activities is \$174.5 million and includes increased cash and investments including general fund reserves and increased net pension assets.
- Total revenues of the governmental activities increased \$90.9 million or 20.6% from 2019 to 2020, and total expenditures increased \$83.4 million, or 23.9%.
- The Commission's business-type activities have a total net position of \$397.9 million, but a negative \$22.2 million is unrestricted. Revenues of the business-type activities decreased \$2.8 million in 2020, or 1.07%, and expenses increased \$13.4 million or 3.66%.
- The General Fund increased reserves by \$60.2 million while other governmental funds reserves decreased by \$11.3 million. The decrease in reserves of the other governmental funds is mainly due to capital outlays and debt retirement.

Overview of the Financial Statements

The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

- The **government-wide financial statements** provide both *long-term* and *short-term* information about the Commission's overall financial status.
- The **fund financial statements** focus on individual parts of the Commission's government, reporting the Commission's operation in *more detail* than the government-wide statements.

**JEFFERSON COUNTY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

- The **governmental funds** statements tell how *general government* services like public safety were financed in the *short-term* as well as what remains for future spending.
- **Proprietary fund** statements offer *short-* and *long-term* financial information about the activities the government operates like businesses, such as the Sanitary Operations System.
- **Fiduciary fund** statements provide information about financial relationships – like the Emergency Management Agency – in which the Commission acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Statements

The government-wide statements report information about the Commission as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or expended.

The two government-wide statements report the Commission's net position and related changes. Net position – the difference between the Commission's assets and liabilities – is one way to measure the Commission's financial health, or position.

- Over time, increases or decreases in the Commission's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Commission you need to consider additional nonfinancial factors such as changes in the Commission's property tax base and the condition of Jefferson County's roads.

The government-wide financial statements of the Commission are divided into two categories:

- **Governmental activities** – Most of the Commission's basic services are included here, such as public safety, highways and roads, and general administration. Property taxes and sales taxes, as well as licenses, permits and charges for services, finance most of these activities.
- **Business-type activities** – The Commission charges fees to customers to help it cover the cost of certain services it provides. The Commission's Sanitary and Landfill systems are included in this category.

**JEFFERSON COUNTY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Fund Financial Statements

The fund financial statements provide more detailed information about the Commission's most significant funds – not the Commission as a whole. Funds are accounting devices that the Commission uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by covenants entered into by the Commission in connection with the Commission's outstanding long-term debt.
- The Commission establishes other funds to control and manage money for particular purposes or to show that it is properly using certain tax revenues and grant funds.

The Commission has three kinds of funds:

- **Governmental funds** – Most of the Commission's basic financial services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out of such funds and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a subsequent page that explains the relationship (or differences) between them.
- **Proprietary funds** – Services for which the Commission charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information and additional information, such as cash flows.
- **Fiduciary funds** – The Commission is responsible for other assets that – because of a trust arrangement – can only be used for the trust beneficiaries. The Commission is responsible for ensuring that the net positions in these funds are used for their intended purposes. All the Commission's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the Commission's government-wide financial statements because the Commission cannot use these assets to finance its operations.

Government-Wide Financial Analysis

Net Position. The Commission's combined net position decreased between fiscal years 2019 and 2020 by approximately \$14.6 million to \$572.4 million. Net position for business-type activities decreased 22.7% to \$397.9 million while the net position of the governmental activities increased \$102.0 to \$174.5 million. The following tables present financial information for governmental and business-type activities for the year ended September 30, 2020, with comparative data for the fiscal year ended September 30, 2019.

**JEFFERSON COUNTY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

	Governmental Activities		Change	Percent Change	Business-Type Activities		Change	Percent Change	Total		Change	Percent Change
	2020	2019			2020	2019			2020	2019		
Assets:												
Current and Other Assets	\$ 725,254	\$ 627,029	\$ 98,225	15.67%	\$ 528,791	\$ 518,506	\$ 10,285	1.98%	\$ 1,254,045	\$ 1,145,535	\$ 108,510	9.47%
Capital Assets (Net)	370,628	362,386	8,242	2.27%	2,081,686	2,171,151	(89,465)	-4.12%	2,452,314	2,533,537	(81,223)	-3.21%
Total Assets	1,095,882	989,415	106,467	10.76%	2,610,477	2,689,657	(79,180)	-2.94%	3,706,359	3,679,072	27,287	0.74%
Deferred Outflows of Resources	38,265	30,190	8,075	26.75%	5,384	2,554	2,830	110.81%	43,649	32,744	10,905	33.30%
Liabilities:												
Current Liabilities	195,574	119,920	75,654	63.09%	55,049	56,258	(1,209)	-2.15%	250,623	176,178	74,445	42.26%
Other Liabilities	565,858	589,568	(23,710)	-4.02%	2,149,261	2,100,543	48,718	2.32%	2,715,119	2,690,111	25,008	0.93%
Total Liabilities	761,432	709,488	51,944	7.32%	2,204,310	2,156,801	47,509	2.20%	2,965,742	2,866,289	99,453	3.47%
Deferred Inflows of Resources	198,249	237,701	(39,452)	-16.60%	13,621	20,787	(7,166)	-34.47%	211,870	258,488	(46,618)	-18.03%
Net Position:												
Net Investment in Capital Assets	362,091	355,613	6,478	1.82%	398,998	556,772	(157,774)	-28.34%	337,073	536,760	(199,687)	-37.20%
Restricted	193,391	203,557	(10,166)	-4.99%	21,165	18,438	2,727	14.79%	638,572	597,620	40,952	6.85%
Unrestricted	(381,016)	(486,754)	105,738	-21.72%	(22,233)	(60,587)	38,354	-63.30%	(403,249)	(547,341)	144,092	-26.33%
Total Net Position	\$ 174,466	\$ 72,416	\$ 102,050	140.92%	\$ 397,930	\$ 514,623	\$ (116,693)	-22.68%	\$ 572,396	\$ 587,039	\$ (14,643)	-2.49%

Changes in net position. The Commission's total revenues were approximately \$795.3 million. (See table A-2). Approximately 16.5% of the Commission's revenues come from property taxes, 28.5% come from sales taxes, 32.8% come from charges for services and the remainder come from other taxes, licenses and permits, unrestricted investment earnings and other sources.

The total cost of all programs and services was approximately \$809.9 million. The Commission's expenses cover a range of services with over 46.3% related to sanitary operations and another 16.8% and 7.7% related to general government and public safety, respectively.

The Commission was not able to fully fund this year's expenditures through current year revenues which resulted in a decrease in net position of \$14.6 million. Table A-2 and the narrative that follows consider the operation of governmental and business-type activities separately.

**JEFFERSON COUNTY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

**Table A-2
Changes in Jefferson County Commission's Net Position
(In thousands of dollars)**

	Governmental Activities		Change	Total Percentage Change	Business-Type Activities		Change	Total Percentage Change	Total		Change	Total Percentage Change
	2020	2019			2020	2019			2020	2019		
	Revenues											
Program Revenues:												
Charges for Services	\$ 33,603	\$ 30,702	\$ 2,901	9.45%	\$ 227,376	\$ 229,929	\$ (2,553)	-1.11%	\$ 260,979	\$ 260,631	\$ 348	0.13%
Operating Grants and Contributions	96,682	16,586	80,096	482.91%	-	-	-	0.00%	96,682	16,586	80,096	482.91%
Capital Grants and Contributions	11,183	7,667	3,516	100.00%	10,300	12,366	(2,066)	-16.71%	21,483	20,033	1,450	7.24%
Indirect Expenses Allocation	6,079	8,234	(2,155)	-26.17%	(6,098)	-	(6,098)	0.00%	(19)	8,234	(8,253)	-100.23%
General Revenues:												
Property Taxes	123,649	114,503	9,146	7.99%	7,213	6,564	649	9.89%	130,862	121,067	9,795	8.09%
Sales Taxes	226,346	218,092	8,254	3.78%	-	-	-	0.00%	226,346	218,092	8,254	3.78%
Other Taxes	9,815	8,710	1,105	12.69%	-	-	-	0.00%	9,815	8,710	1,105	12.69%
Licenses and Permits	12,959	13,243	(284)	-2.14%	-	-	-	0.00%	12,959	13,243	(284)	-2.14%
Unrestricted Investment Earnings	1,550	2,765	(1,215)	-43.94%	13,597	13,343	254	1.90%	15,147	16,108	(961)	-5.97%
Miscellaneous	10,891	14,444	(3,553)	-24.60%	3,559	2,678	881	32.90%	14,450	17,122	(2,672)	-15.61%
Contributions of Infrastructure Assets	491	7,352	(6,861)	100.00%	-	-	-	0.00%	491	7,352	(6,861)	100.00%
Total Revenues	533,248	442,298	90,950	20.56%	255,947	264,880	(8,933)	-3.37%	789,195	707,178	82,017	11.60%
Expenses												
General Government	135,823	132,159	3,664	2.77%	-	-	-	0.00%	135,823	132,159	3,664	2.77%
Public Safety	62,470	85,462	(22,992)	-26.90%	-	-	-	0.00%	62,470	85,462	(22,992)	-26.90%
Highways and Roads	36,870	30,418	6,452	21.21%	-	-	-	0.00%	36,870	30,418	6,452	21.21%
Health and Welfare	136,390	54,360	82,030	150.90%	-	-	-	0.00%	136,390	54,360	82,030	150.90%
Community Development	9,675	5,811	3,864	66.49%	-	-	-	0.00%	9,675	5,811	3,864	66.49%
Contributions to Other Entities	35,367	24,100	11,267	46.75%	-	-	-	0.00%	35,367	24,100	11,267	46.75%
Interest and Fiscal Charges	14,603	15,463	(860)	-5.56%	-	-	-	0.00%	14,603	15,463	(860)	-5.56%
Economic and Industrial Development Authority	-	-	-	0.00%	1,471	970	501	51.65%	1,471	970	501	51.65%
Landfill Operations	-	-	-	0.00%	1,973	4,384	(2,411)	-55.00%	1,973	4,384	(2,411)	-55.00%
Sanitary Operations	-	-	-	0.00%	369,196	360,027	9,169	2.55%	369,196	360,027	9,169	2.55%
Total Expenses	431,198	347,773	83,425	23.99%	372,640	365,381	7,259	1.99%	803,838	713,154	90,684	12.72%
Change in Net Position	102,050	94,525	\$ 7,525	7.96%	(116,693)	(100,501)	(16,192)	16.11%	(14,643)	(5,976)	\$ (8,667)	145.03%
Net Position - Beginning	72,416	(22,109)			514,623	615,124			587,039	593,015		
Net Position - Beginning of year	72,416	(22,109)			514,623	615,124			587,039	593,015		
Net Position - Ending	\$ 174,466	\$ 72,416			\$ 397,930	\$ 514,623			\$ 572,396	\$ 587,039		

The Commission's total revenues increased by \$82.0 million, or 11.6%, from the previous year. The total cost of all programs and services increased \$90.7 million or 12.7%.

Governmental Activities

Total revenue from governmental activities increased \$90.9 million or 20.6% from the prior year. The total cost of all programs increased \$83.4 million or 23.9% from the prior year.

Charges for services increased \$2.9 million or 9.5% from the prior year. Operating and Capital Grants and Contributions rose \$80.0 million due mainly to higher operating grants contributions in FY 2020 that include CARES Act funding.

Property taxes for governmental activities increased \$9.1 million from last year or 8.0% due to recent assessments. Sales taxes increased \$8.3 million or 3.8% due to a new gas tax and internet related sales. License and permit revenue decreased \$0.28 million or 2.1%. Unrestricted investment earnings decreased \$1.2 million or 44.0%

The following Table A-3 presents the costs of each of the Commission's largest programs—general government, public safety, highways and roads, health and welfare, community development, and contributions to other entities—as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the Commission's taxpayers by each of these functions.

**JEFFERSON COUNTY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

**Table A-3
Governmental Activities
(In thousands of dollars)**

	Total Cost of Services		Percentage	Net Cost of Services	
	2020	2019	Change	2020	2019
			2019-2020		
General government	\$ 135,823	\$ 132,159	2.77%	\$ 77,935	\$ 77,296
Public safety	62,470	85,462	-26.90%	62,470	85,462
Highways and roads	36,870	30,418	21.21%	34,386	29,229
Health and welfare	136,390	54,360	150.90%	59,255	53,809
Community development	9,675	5,811	66.49%	(365)	(775)
Contributions to other entities	35,367	24,100	46.75%	35,367	24,100
Interest and fiscal charges	14,603	15,463	-5.56%	14,603	15,463
Totals	\$ 431,198	\$ 347,773	23.99%	\$ 283,651	\$ 284,584

The cost of all governmental activities this year was \$431.2 million, including depreciation expense of \$25.5 million. The total cost increased from the prior year by \$83.4 million. The increase was mainly due to expenditures related to the COVID-19 pandemic reflected in grant related expense, as well as increased contributions to other entities.

The net cost to taxpayers for these activities was \$283.7 million. Some of these costs were paid by:

- Those who directly benefited from the programs (\$33.6 million), or
- Other governments and organizations that subsidized certain programs with grants and contributions (\$107.9 million)
- The commission paid for the \$283.7 million “public benefit” portion with property taxes, and with other revenues such as various taxes and investment earnings.

Business-Type Activities

Total revenues for business-type activities decreased \$2.8 million, or 1.1% predominantly due to decreased charges for services and capital contributions.

Total expenses in program services increased \$13.4 million or 3.7% due to increased employee benefit cost and warrant interest accretion.

Financial Analysis of the Commission’s Funds

As the Commission completed the year, its governmental funds reported a combined fund balance of \$283.4 million representing an increase of \$48.9 million from the prior year’s combined fund balance of \$234.5 million.

**JEFFERSON COUNTY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

The General Fund balance increased \$60.2 million in the current year. Factors contributing to the increase were as follows:

- Revenues increased \$13.5 million due mainly to increases in tax collections. Expenses decreased mainly in the public safety program supported by CARES Act funding.
- Net Transfers into the General Fund increased \$2.2 million over the prior year, mainly due to reduced transfers into other governmental funds. Transfers out of the General Fund benefited the Capital Fund by \$7.9 million.

The Special Sales Tax Revenue Fund balance decreased \$0.21 million. A portion of the revenues in this fund are designated to pay debt service on the Commission's Limited Obligation Refunding Warrants and to make contributions to other entities totaling \$24.1 million. The remaining fund revenues are deposited in the General Fund.

The Bridge and Public Building Fund's fund balance decreased by \$0.55 million because transfers of tax revenues to other funds totaled slightly more than the fund's current year excess revenues over expenditures.

The Indigent Care Fund's fund balance decreased \$4.5 million due to an \$11.3 million transfer to other entities offset by a decrease in tax revenues in the current year compared to the prior year. The \$11.3 million transfer is principally associated with the April 2020 contractual agreement between Cooper Green Mercy Health Services and UAB Health Systems.

The Sanitary Operations Fund Net Position decreased \$116.1 million compared to a \$96.7 million decrease in FY 2019. Although the sanitary operations fund had a \$2.0 million decrease in revenues, operating expenses increased \$10.5 million and nonoperating net expense increased by \$6.8 million.

Budgets

Throughout the year, the Commission's original budget is amended to reflect changes in funding needs. The Commission has established policies and procedures for amending the budget. Statements reflecting original and final budgets, plus actual compared to final budget amounts, are shown on pages 97 through 101 for the general fund and all major special revenue funds.

Capital Asset and Debt Administration

At the end of fiscal year 2020, the Commission had invested \$2.45 billion in a broad range of capital assets, including buildings, roads, bridges, public safety equipment and sewer lines. (See Table A-4). The amount represents a net decrease (including additions and deductions) of \$81.2 million, or 3.2% from the previous year.

**JEFFERSON COUNTY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

Table A-4 Capital Assets (Net of depreciation in thousands of dollars)								
	Governmental Activities		Business-Type Activities		Total		Total Percent Change	
	2020	2019	2020	2019	2020	2019	Change	Change
Land	\$ 18,302	\$ 18,302	\$ 35,553	\$ 30,284	\$ 53,855	\$ 48,586	5,269	10.84%
Construction in progress	58,761	61,214	113,115	104,130	171,876	165,344	6,532	3.95%
Buildings	167,448	168,327	519,753	540,879	687,201	709,206	(22,005)	-3.10%
Equipment	36,206	33,182	13,762	12,671	49,968	45,853	4,115	8.97%
Infrastructure	89,910	81,361	1,399,503	1,483,187	1,489,413	1,564,548	(75,135)	-4.80%
	<u>\$ 370,627</u>	<u>\$ 362,386</u>	<u>\$ 2,081,686</u>	<u>\$ 2,171,151</u>	<u>\$ 2,452,313</u>	<u>\$ 2,533,537</u>	<u>(81,224)</u>	<u>-3.21%</u>
Depreciable assets, net	\$ 293,564	\$ 282,870	\$ 1,933,018	\$ 2,036,737	\$ 2,226,582	\$ 2,319,607	(93,025)	-4.01%
Nondepreciable assets	77,063	79,516	148,668	134,414	225,731	213,930	11,801	5.52%
Total	<u>\$ 370,627</u>	<u>\$ 362,386</u>	<u>\$ 2,081,686</u>	<u>\$ 2,171,151</u>	<u>\$ 2,452,313</u>	<u>\$ 2,533,537</u>	<u>(81,224)</u>	<u>-3.21%</u>

Major additions during the year were in construction in progress and buildings. Sewer infrastructure was the area of largest increase in FY 2020. The Commission has budgeted approximately \$117 million for capital assets for fiscal year FY 2021.

Debt

At year end, the Commission had \$2.5 billion in warrants outstanding which included \$309.1 million in Limited Obligation Refunding Warrants. (See Table A-5)

Table A-5 Long-Term Debt (In thousands of dollars)								
	Governmental Activities		Business-Type Activities		Total		Total Percent Change	
	2020	2019	2020	2019	2020	2019	Change	Change
General Obligation Warrants (backed by the County)	\$ 106,310	\$ 128,195	\$ -	\$ -	\$ 106,310	\$ 128,195	\$ (21,885)	-17.07%
Limited Obligation Warrants (backed by sales tax)	309,080	320,165	-	-	309,080	320,165	(11,085)	(0)
Revenue Warrants (backed by Sewer fees)	-	-	2,118,942	2,052,555	2,118,942	2,052,555	66,387	0
Hallmark Warrants (backed by the County)	-	-	13,000	-	13,000	-	13,000	1
	<u>\$ 415,390</u>	<u>\$ 448,360</u>	<u>\$ 2,131,942</u>	<u>\$ 2,052,555</u>	<u>\$ 2,547,332</u>	<u>\$ 2,500,915</u>	<u>\$ 46,417</u>	<u>1.86%</u>

Economic Factors

The area's economy was originally based on steel production but has diversified over the past several decades as healthcare, banking and professional services emerged to become leading industries in the metro area. Heavy industry continues to be an important component of the local economy. Automotive manufacturing has become prominent in the greater metro area, as several auto assembly plants and related suppliers have established businesses in North and Central Alabama in the past two decades. Mercedes-Benz, Honda and Hyundai have major automobile assembly facilities within an eighty-five mile radius of the County. These three facilities will be joined by a new Toyota/Mazda plant within the same radius with an expected

**JEFFERSON COUNTY COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

completion date in 2021. The region's economy has benefited from its proximity to these major manufacturing facilities, as several automotive suppliers have established businesses in the area.

The County's central Southeast location has also resulted in the area becoming a central logistics hub for national retailers and service providers. In 2020, that trend continued with Amazon, Lowe's Home Improvement, Home Depot, Buffalo Rock and FedEx all announcing expansions of their distribution networks through the construction of new facilities and the creation of hundreds of new full and part-time jobs for County residents.

The healthcare sector has become a primary driver of economic activity in the Birmingham-Hoover MSA and is anchored by the University of Alabama at Birmingham, which received over \$325 million in research awards in 2020 from the National Institutes of Health and was ranked twenty-seventh nationally in National Institutes of Health financed research among all universities and twelfth nationally among public universities in the same year. 2020 marks the second year in a row that the University of Alabama at Birmingham has received over \$300 million in research awards from the National Institutes of Health.

Banking and finance also contribute significantly to the region's economic base. Birmingham is the Southeast's largest banking center outside Charlotte, North Carolina, and is headquarters to two of the nation's top fifty largest banks, Regions Financial Corporation and BBVA Compass (the U.S. subsidiary of Banco Bilbao Vizcaya Argentaria, S.A., Spain's second largest bank). In 2020, PNC Financial Services announced the purchase of BBVA Compass, with an anticipated acquisition closing date in mid-2021.

Contacting the Commission's Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Office of the Chief Financial Officer, 716 Richard Arrington, Jr. Boulevard North, Suite 810, Birmingham, Alabama 35203.

JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020
(IN THOUSANDS)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and investments	\$ 226,070	\$ 27,156	\$ 253,226
Accounts receivable, net	7,705	24,506	32,211
Taxes receivable, net	207,554	6,978	214,532
Due from (to) other governments	-	2,118	2,118
Prepaid expenses and other current assets	201	-	201
Bond insurance costs	-	1,141	1,141
Restricted assets – current	80,516	424,016	504,532
	<hr/>	<hr/>	<hr/>
Total Current Assets	522,046	485,915	1,007,961
Noncurrent Assets			
Internal balances	34,540	(34,540)	-
Investments – property held for sale	-	25,220	25,220
Bond insurance costs	-	29,334	29,334
Loans receivable, net	17,329	-	17,329
Net pension asset	119,445	22,643	142,088
Restricted assets	31,894	219	32,113
Capital assets:			
Depreciable assets, net	293,565	1,933,018	2,226,583
Nondepreciable assets	77,063	148,668	225,731
	<hr/>	<hr/>	<hr/>
	573,836	2,124,562	2,698,398
Deferred Outflows of Resources			
Commitment to BJCC	17,145	-	17,145
Deferred outflows – pension	7,067	1,340	8,407
Deferred outflows – OPEB	14,053	4,044	18,097
	<hr/>	<hr/>	<hr/>
	38,265	5,384	43,649
	<hr/>	<hr/>	<hr/>
	\$ 1,134,147	\$ 2,615,861	\$ 3,750,008
	<hr/>	<hr/>	<hr/>

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION - CONTINUED
SEPTEMBER 30, 2020
(IN THOUSANDS)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Governmental Activities	Business-Type Activities	Total
Current Liabilities			
Accounts payable	\$ 68,069	\$ 9,825	\$ 77,894
Deposits payable	1,464	-	1,464
Unearned revenue	37,856	-	37,856
Accrued wages and benefits	8,274	1,333	9,607
Accrued interest	3,395	35,283	38,678
Retainage payable	1,242	2,217	3,459
Due to other governments	22,343	637	22,980
Estimated liability for compensated absences	8,678	1,799	10,477
Estimated litigation liability	2,376	3,933	6,309
Estimated claims liability	1,471	888	2,359
Current portion of commitment to BJCC	352	-	352
Warrants payable	34,560	208	34,768
Add: Unamortized premiums (discounts)	5,494	(1,074)	4,420
Total Current Liabilities	195,574	55,049	250,623
Noncurrent Liabilities			
Capital lease obligations	8,537	-	8,537
Estimated liability for landfill closure and postclosure care costs	-	16,190	16,190
Total OPEB liability	93,156	26,808	119,964
Estimated liability for compensated absences	9,797	2,065	11,862
Estimated litigation liability	16,030	-	16,030
Estimated claims liability	5,699	1,436	7,135
Commitment to BJCC	16,793	-	16,793
Warrants payable	380,830	2,131,734	2,512,564
Add: Unamortized premiums (discounts)	35,016	(28,972)	6,044
Total Noncurrent Liabilities	565,858	2,149,261	2,715,119
Total Liabilities	761,432	2,204,310	2,965,742
Deferred Inflows of Resources			
Property taxes	161,987	7,224	169,211
Gain on refunding of warrants, net	8,564	-	8,564
Deferred inflows – pension	16,023	3,037	19,060
Deferred inflows – OPEB	11,675	3,360	15,035
Net Position			
Net investment in capital assets	362,091	398,998	761,089
Restricted for:			
Debt service or capital improvements	-	-	-
Closure and postclosure care	-	219	219
Net pension asset and deferred outflows/inflows	110,489	20,946	131,435
Other purposes	73,853	-	73,853
Unrestricted	(371,967)	(22,233)	(394,200)
	<u>\$ 174,466</u>	<u>\$ 397,930</u>	<u>\$ 572,396</u>

See notes to financial statements.

**JEFFERSON COUNTY COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)**

	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Primary Government		
			Charges for Services	Operating Grants and Contri- butions	Capital Grants and Contri- butions	Govern- mental Activities	Business- Type Activities	Total
Primary Government								
Governmental Activities:								
General government	\$ 135,823	\$ (6,123)	\$ 32,262	\$ 19,503	\$ -	\$ (77,935)	\$ -	\$ (77,935)
Public safety	62,470	-	-	-	-	(62,470)	-	(62,470)
Highways and roads	36,870	-	1,341	-	1,143	(34,386)	-	(34,386)
Health and welfare	136,390	44	-	77,179	-	(59,255)	-	(59,255)
Community development	9,675	-	-	-	10,040	365	-	365
Contributions to other entities	35,367	-	-	-	-	(35,367)	-	(35,367)
Interest and fiscal charges	14,603	-	-	-	-	(14,603)	-	(14,603)
Total Governmental Activities	431,198	(6,079)	33,603	96,682	11,183	(283,651)	-	(283,651)
Business-Type Activities:								
Economic and Industrial								
Development Authority	1,471	-	-	-	-	-	(1,471)	(1,471)
Landfill operations	1,973	10	-	-	-	-	(1,983)	(1,983)
Sanitary operations	369,196	6,088	227,376	-	10,300	-	(137,608)	(137,608)
Total Business-Type Activities	372,640	6,098	227,376	-	10,300	-	(141,062)	(141,062)
Total Primary Government	\$ 803,838	\$ 19	\$ 260,979	\$ 96,682	\$ 21,483	(283,651)	(141,062)	(424,713)
General Revenues and Transfers								
Taxes:								
Property taxes						123,649	7,213	130,862
Sales tax						226,346	-	226,346
Other taxes						9,815	-	9,815
Licenses and permits						12,959	-	12,959
Unrestricted investment earnings						1,550	13,597	15,147
Miscellaneous						10,891	3,559	14,450
Contributions of infrastructure assets						491	-	491
Total General Revenues and Transfers						385,701	24,369	410,070
Change in Net Position						102,050	(116,693)	(14,643)
Net Position – Beginning of Year						72,416	514,623	587,039
Net Position – End of Year						\$ 174,466	\$ 397,930	\$ 572,396

See notes to financial statements.

**JEFFERSON COUNTY COMMISSION
BALANCE SHEET –
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020
(IN THOUSANDS)**

ASSETS	General Fund	Special Sales Tax Revenue Fund	Bridge and Public Building Fund	Indigent Care Fund	CARES Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	\$ 172,009	\$ -	\$ 1,877	\$ 23,185	\$ -	\$ 28,999	\$ 226,070
Accounts receivable, net	1,301	-	-	2,228	-	4,176	7,705
Taxes receivable, net	93,606	18,877	-	9,840	-	11,719	134,042
Taxes receivable, net, highways and roads	-	-	50,858	-	-	22,654	73,512
Prepaid expenses and other current assets	200	-	-	1	-	-	201
Restricted assets	13,894	18,000	-	-	76,113	4,403	112,410
Advances due from (to) other funds	49,163	(18,877)	-	-	-	4,254	34,540
	<u>\$ 330,173</u>	<u>\$ 18,000</u>	<u>\$ 52,735</u>	<u>\$ 35,254</u>	<u>\$ 76,113</u>	<u>\$ 76,205</u>	<u>\$ 588,480</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 10,727	\$ -	\$ -	\$ 12,695	\$ 38,233	\$ 6,414	\$ 68,069
Deposits payable	-	-	-	-	-	1,464	1,464
Unearned revenue	-	-	-	-	37,856	-	37,856
Accrued wages and benefits	6,955	-	-	-	-	1,319	8,274
Retainage payable	-	-	-	-	-	1,242	1,242
Due (from) to other governments	(4,135)	18,000	-	-	-	8,478	22,343
Estimated litigation liability	1,255	-	-	11	-	1,110	2,376
Estimated claims liability	1,173	-	-	55	-	243	1,471
Total Liabilities	15,975	18,000	-	12,761	76,089	20,270	143,095
Deferred Inflows of Resources							
Property taxes	75,933	-	52,657	-	-	33,397	161,987
Fund Balances							
Nonspendable	49,363	-	-	-	-	-	49,363
Restricted	13,894	-	-	551	24	22,179	36,648
Assigned	64,497	-	78	21,942	-	408	86,925
Unassigned	110,511	-	-	-	-	(49)	110,462
	<u>238,265</u>	<u>-</u>	<u>78</u>	<u>22,493</u>	<u>24</u>	<u>22,538</u>	<u>283,398</u>
	<u>\$ 330,173</u>	<u>\$ 18,000</u>	<u>\$ 52,735</u>	<u>\$ 35,254</u>	<u>\$ 76,113</u>	<u>\$ 76,205</u>	<u>\$ 588,480</u>

See notes to financial statements.

**JEFFERSON COUNTY COMMISSION
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020
(IN THOUSANDS)**

Total Fund Balances – Governmental Funds		\$ 283,398
<p>Amounts reported for governmental activities in the statement of net position are different due to the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. These assets were added as net capital assets.		370,628
Loans receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		17,329
Amounts related to premiums on long-term liabilities are not reported in the funds.		(40,510)
Amounts related to deferred inflows from gain on refunding of long-term liabilities are not reported in the funds.		(8,564)
Net pension asset and pension-related deferred outflows and inflows are not reported in the funds.		110,489
Total OPEB liability and OPEB-related deferred outflows and inflows are not reported in the funds.		(90,778)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Those liabilities consist of:		
Warrants payable	(415,390)	
Capital lease obligations	(8,537)	
Accrued interest	(3,395)	
Estimated liability for compensated absences	(18,475)	
Estimated litigation liability	(16,030)	
Estimated claims liability	(5,699)	
Total long-term liabilities	(467,526)	(467,526)
Total Net Position – Governmental Activities		\$ 174,466

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	General Fund	Special Sales Tax Revenue Fund	Bridge and Public Building Fund	Indigent Care Fund	CARES Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 111,448	\$ 109,479	\$ 51,307	\$ 56,957	\$ -	\$ 30,617	\$ 359,808
Licenses and permits	10,880	-	-	-	-	2,079	12,959
Intergovernmental	9,955	-	801	119	77,060	19,930	107,865
Charges for services, net	32,262	-	-	-	-	1,341	33,603
Miscellaneous	9,488	-	-	277	-	1,126	10,891
Interest and investment income	970	83	137	109	24	227	1,550
	<u>175,003</u>	<u>109,562</u>	<u>52,245</u>	<u>57,462</u>	<u>77,084</u>	<u>55,320</u>	<u>526,676</u>
Expenditures							
Current:							
General government	114,552	-	-	-	-	16,981	131,533
Public safety	58,538	-	-	-	-	-	58,538
Highways and roads	-	-	-	-	-	28,374	28,374
Health and welfare	-	-	-	48,612	77,060	7,202	132,874
Community development	-	-	-	-	-	9,666	9,666
Capital outlay	-	-	-	-	-	29,056	29,056
Indirect expenses	(6,228)	-	-	44	-	105	(6,079)
Contributions to other entities	-	24,100	-	11,267	-	-	35,367
Debt service:							
Principal retirement	344	-	-	-	-	37,106	37,450
Interest and fiscal charges	664	-	-	-	-	22,451	23,115
	<u>167,870</u>	<u>24,100</u>	<u>-</u>	<u>59,923</u>	<u>77,060</u>	<u>150,941</u>	<u>479,894</u>
Excess (Deficiency) of Revenues over Expenditures	7,133	85,462	52,245	(2,461)	24	(95,621)	46,782
Other Financing Sources (Uses)							
Sale of capital assets	28	-	-	-	-	2,104	2,132
Transfers in	62,394	-	-	-	-	86,774	149,168
Transfers out	(9,385)	(85,483)	(52,300)	(2,000)	-	-	(149,168)
	<u>53,037</u>	<u>(85,483)</u>	<u>(52,300)</u>	<u>(2,000)</u>	<u>-</u>	<u>88,878</u>	<u>2,132</u>
Net Changes in Fund Balances	60,170	(21)	(55)	(4,461)	24	(6,743)	48,914
Fund Balances – Beginning of Year	178,095	21	133	26,954	-	29,281	234,484
Fund Balances – End of Year	<u>\$ 238,265</u>	<u>\$ -</u>	<u>\$ 78</u>	<u>\$ 22,493</u>	<u>\$ 24</u>	<u>\$ 22,538</u>	<u>\$ 283,398</u>

See notes to financial statements.

**JEFFERSON COUNTY COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)**

Net Changes in Fund Balances – Governmental Funds		\$ 48,914
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$29,056) exceeded depreciation (\$25,473) in the current period.		3,583
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:		
Change in loans receivable		1,544
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments of principal exceeded amortization of debt-related items:		
Amortization of bond premiums	6,166	
Amortization of gain on refunding of warrants	1,775	
Repayments of principal – warrants payable and capital leases	37,450	45,391
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued interest	573	
Change in compensated absences	747	
Change in estimated litigation liability	(234)	
Change in claims liability	(942)	144
Change in net pension asset and change in pension – related deferred outflows and inflows are not reported in the funds.		4,823
Change in OPEB liability and change in OPEB-related deferred outflows and inflows are not reported in the funds.		(766)
Governmental funds report proceeds from the sale of capital assets as other financial sources. However, the statement of activities reports disposals, contributions and transfers of capital assets as gains or losses:		
Donated capital assets	491	
Sale of capital assets	(2,132)	
Loss on disposal of capital assets	220	
Other differences	(162)	(1,583)
Change in Net Position – Governmental Activities		\$ 102,050

See notes to financial statements.

**JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
SEPTEMBER 30, 2020
(IN THOUSANDS)**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Current Assets			
Cash and investments	\$ 19,497	\$ 7,659	\$ 27,156
Accounts receivable, net	24,203	303	24,506
Taxes receivable, net	6,978	-	6,978
Due from (to) other governments	2,018	100	2,118
Bond insurance costs	1,087	54	1,141
Restricted assets – current	424,016	-	424,016
Total Current Assets	477,799	8,116	485,915
Noncurrent Assets			
Investments – property held for sale	-	25,220	25,220
Restricted assets	-	219	219
Bond insurance costs	29,334	-	29,334
Net pension asset	22,643	-	22,643
Capital assets:			
Depreciable assets, net	1,921,788	11,230	1,933,018
Nondepreciable assets	135,126	13,542	148,668
	<u>2,108,891</u>	<u>50,211</u>	<u>2,159,102</u>
Deferred Outflows of Resources			
Deferred outflows – pension	1,340	-	1,340
Deferred outflows – OPEB	4,044	-	4,044
	<u>\$ 2,592,074</u>	<u>\$ 58,327</u>	<u>\$ 2,650,401</u>

See notes to financial statements.

**JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS - CONTINUED
SEPTEMBER 30, 2020
(IN THOUSANDS)**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Current Liabilities			
Accounts payable	\$ 9,750	\$ 75	\$ 9,825
Accrued wages and benefits	1,333	-	1,333
Accrued interest	35,183	100	35,283
Retainage payable	2,217	-	2,217
Estimated liability for compensated absences	1,799	-	1,799
Estimated litigation liability	3,933	-	3,933
Estimated claims liability	888	-	888
Due to other governments	-	637	637
Warrants payable	-	208	208
Less: Unamortized discounts	(1,074)	-	(1,074)
	<u>(1,074)</u>	<u>208</u>	<u>(866)</u>
Total Current Liabilities	54,029	1,020	55,049
Noncurrent Liabilities			
Advances due to other funds	-	34,540	34,540
Estimated liability for landfill closure and postclosure care costs	-	16,190	16,190
Total OPEB liability	26,808	-	26,808
Estimated liability for compensated absences	2,065	-	2,065
Estimated claims liability	1,436	-	1,436
Warrants payable	2,118,942	12,792	2,131,734
Less: Unamortized discounts	(28,972)	-	(28,972)
	<u>2,089,970</u>	<u>12,792</u>	<u>2,102,762</u>
Total Liabilities	<u>2,174,308</u>	<u>64,542</u>	<u>2,238,850</u>
Deferred Inflows of Resources			
Property taxes	7,224	-	7,224
Deferred inflows – pension	3,037	-	3,037
Deferred inflows – OPEB	3,360	-	3,360
Net Position			
Net investment in capital assets	387,272	11,726	398,998
Restricted for:			
Closure and postclosure care	-	219	219
Net pension assets and deferred outflows/inflows	20,946	-	20,946
Unrestricted	(4,073)	(18,160)	(22,233)
	<u>404,145</u>	<u>(6,215)</u>	<u>397,930</u>

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Operating Revenues			
Taxes	\$ 7,213	\$ -	\$ 7,213
Intergovernmental	110	574	684
Charges for services, net	227,376	-	227,376
Other operating revenue	628	2,214	2,842
	<u>235,327</u>	<u>2,788</u>	<u>238,115</u>
Operating Expenses			
Salaries	25,505	169	25,674
Employee benefits and payroll taxes	7,087	12	7,099
Maintenance	12,464	-	12,464
Materials and supplies	6,051	121	6,172
Utilities	10,527	69	10,596
Outside services	18,852	436	19,288
Office expenses	4,652	246	4,898
Depreciation	145,090	1,859	146,949
Indirect expenses	6,088	10	6,098
	<u>236,316</u>	<u>2,922</u>	<u>239,238</u>
Operating Income (Loss)	(989)	(134)	(1,123)
Nonoperating Revenues (Expenses)			
Interest expense, net	(70,497)	(532)	(71,029)
Interest expense (accretion)	(66,387)	-	(66,387)
Interest revenue	13,515	82	13,597
Warrant related costs	(2,084)	-	(2,084)
Contributions of infrastructure assets	10,300	-	10,300
Gain on sale or retirement of capital assets	33	-	33
	<u>(115,120)</u>	<u>(450)</u>	<u>(115,570)</u>
Change in Net Position	(116,109)	(584)	(116,693)
Net Position – Beginning of Year	<u>520,254</u>	<u>(5,631)</u>	<u>514,623</u>
Net Position – End of Year	<u>\$ 404,145</u>	<u>\$ (6,215)</u>	<u>\$ 397,930</u>

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Cash Flows from Operating Activities			
Cash received from services	\$ 235,253	\$ 162	\$ 235,415
Cash payments to employees	(33,354)	(181)	(33,535)
Cash payments for goods and services	(63,555)	(861)	(64,416)
Other receipts and payments, net	10,664	729	11,393
Net Cash Provided (Used) by Operating Activities	149,008	(151)	148,857
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(39,151)	(541)	(39,692)
Sale of capital assets	33	-	33
Interest paid	(70,497)	(432)	(70,929)
Net Cash Used by Capital and Related Financing Activities	(109,615)	(973)	(110,588)
Cash Flows from Investing Activities			
Investment income	13,515	82	13,597
Net Cash Provided by Investing Activities	13,515	82	13,597
Change in Cash and Investments	52,908	(1,042)	51,866
Cash and Investments – Beginning of Year	390,605	8,920	399,525
Cash and Investments – End of Year	<u>\$ 443,513</u>	<u>\$ 7,878</u>	<u>\$ 451,391</u>
Displayed As			
Cash and investments	\$ 19,497	\$ 7,659	\$ 27,156
Restricted assets – current and noncurrent cash and investments	424,016	219	424,235
	<u>\$ 443,513</u>	<u>\$ 7,878</u>	<u>\$ 451,391</u>

See notes to financial statements.

**JEFFERSON COUNTY COMMISSION
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)
(Continued)**

	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities			
Operating loss	\$ (989)	\$ (134)	\$ (1,123)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	145,090	1,859	146,949
Provision for bad debts	1,890	-	1,890
Change in accounts receivable	6,139	99	6,238
Change in taxes receivable, net	(112)	-	(112)
Change in due from (to) other governments	(152)	(100)	(252)
Change in advances due to other funds	-	(1,514)	(1,514)
Change in accounts payable	(4,921)	21	(4,900)
Change in accrued wages and benefits	190	-	190
Change in retainage payable	(846)	-	(846)
Change in estimated claims liability	371	-	371
Change in estimated liability for compensated absences	130	-	130
Change in estimated liability for landfill closure and postclosure care costs	-	(382)	(382)
Change in total OPEB liability and OPEB-related deferred inflows and outflows	1,136	-	1,136
Change in net pension asset and pension – related deferred inflows and outflows	(2,727)	-	(2,727)
Change in deferred inflows – property taxes	138	-	138
	<u>149,997</u>	<u>(17)</u>	<u>149,980</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 149,008</u>	<u>\$ (151)</u>	<u>\$ 148,857</u>

See notes to financial statements.

**JEFFERSON COUNTY COMMISSION
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES –
AGENCY FUNDS
SEPTEMBER 30, 2020
(IN THOUSANDS)**

ASSETS

Cash and investments	\$ 1,614
Accounts receivable, net	612
Other receivables	99
Due from other governments	<u>711</u>
	<u>\$ 3,036</u>

LIABILITIES

Accounts payable	\$ 88
Accrued employee expenses	1,522
Due to other governments	<u>1,426</u>
	<u>\$ 3,036</u>

See notes to financial statements.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Jefferson County Commission (the Commission) have been prepared in conformity with accounting principles generally 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 more significant of the government's accounting policies are described below.

All dollar amounts in the notes are in thousands.

Reporting Entity

The Commission is a general-purpose local government governed by five separately elected commissioners, representing Jefferson County, Alabama (the County). The accompanying financial statements present the activities of the Jefferson County Commission (the primary government) and its component units, as required by GAAP.

Component units are legally separate entities for which a primary government is financially accountable, or if the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is generally defined as the appointment of a voting majority of the component unit's governing body and either (a) the Commission's ability to impose its will on the component unit's governing body or (b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on, the Commission. Based on the application of this criteria, the following entities meet these requirements:

1. Blended Component Units

The below entities are classified as blended component units:

a. Jefferson County Economic and Industrial Development Authority (JCEIDA)

The Jefferson County Economic and Industrial Development Authority (the "Authority") is a public corporation whose primary purpose is the promotion of industry, industrial development, and other concerns to induce such enterprises to locate, expand, improve their operations, or remain in Jefferson County, Alabama. The Authority was established by Jefferson County in 1995. The Authority is governed by eleven directors appointed by the County Commission. It is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Jefferson County. The Authority is also authorized to issue debt to support these activities.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- b. Hallmark Farms Cooperative District
 - i. In April 2019, Jefferson County entered into a cooperative agreement with the City of Warrior, Alabama to purchase 565 acres in northern Jefferson County for a landmark property that is proposed to be a mixed-use business development. The County contributed \$75,000 in earnest money and Warrior contributed \$25,000. The newly formed Hallmark Cooperative borrowed \$13 million, of which \$7.5 million was used to purchase the property. The loan will be paid back from the sale of the property and 2% in sales tax revenues from retail sales on the property. Members of the cooperative include: Commissioner Steve Ammons (President), Warrior Mayor Johnny Ragland, Warrior Commercial Development Authority board member, Brad Fuller, Commissioner Joe Knight, and the County's Chief Financial Officer.

2. Related Organizations

The Commission is responsible for appointing members of board to other organizations but is not accountable for these organizations. The following related organizations are not included in the reporting entity:

- a. Jefferson County Emergency Management Agency
 - i. The Jefferson County Emergency Management Agency is the first line of official public responsibility for emergency management activity in Jefferson County. As such, the EMA is charged with planning efforts for the County. This includes developing and maintaining an ongoing program of mitigation, preparedness, response, and recovery. The Jefferson County EMA works with local governments, nonprofit organizations, and private sector companies in Jefferson County to develop plans and capabilities to respond to hazards which seriously threaten the County. The EMA is governed by a council of local mayors, with a Jefferson County Commissioner having representation on that Council. The EMA's budget is built on dues paid by the Jefferson County Commission and local municipalities. The Jefferson County Commission acts as the fiscal agent for the EMA and as such, acknowledges their expenditures and receipts but does not formally approve these items. EMA employees are eligible for Jefferson County benefits, excluding retirement.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- b. Personnel Board of Jefferson County
 - i. The Personnel Board of Jefferson County (PBJCAL) is a human resources organization established by the legislature of the State of Alabama in 1935 to administer the County's Civil Service System. The Civil Service System is designed to assure a degree of job security and equitable treatment to employees of governmental entities as a means of protecting them from the vagaries of the political environment. The PBJCAL is responsible for classifying positions throughout the County, testing potential candidates for employment, establishing hiring registers, developing, and administering pay schedules, coordinating the adjudication of grievances, and maintaining employee history records. In a broader sense, it is responsible for executing mandates of Act 248, known as the Enabling Act. Cities and municipalities that have 5,000 or more inhabitants and whose city limits lie wholly within Jefferson County are required to include their employees in this system. Currently employees in 18 municipalities and five county-wide jurisdictions, including the PBJCAL itself and the Jefferson County Commission fall under the umbrella of the PBJCAL. The PBJCAL is governed by a three-member board, of which each member is appointed by a Citizens' Supervisory Commission, which is made up of 17 civic leaders from throughout the County. Day-to-day operations of the agency are overseen by the Personnel Director.
- c. General Retirement System for Employees of Jefferson County
 - i. The General Retirement System for Employees of Jefferson County ("GRS" or "System") is a defined benefit plan and was established in 1965 by Act No. 497 ("Act 65-497") of the Alabama Legislature. Act 65-497 was substantially amended and restated in 2013 by Act No. 415 ("Act 2013-415"). The purpose of GRS is to provide its members with retirement income, and the member's spouse or designated beneficiary if the member so chooses. Though it serves the employees thereof, GRS is a separate entity and separate jurisdiction from the Jefferson County Commission. GRS reimburses its operating costs to the Jefferson County Commission. GRS maintains all System Assets in the GRS Trust Fund. The GRS Board is responsible for the general administration and operation of the System. The GRS Board is made up of five members. Member Number One serves as the Chairman and is appointed by the Jefferson County Commission. Member Number Two is appointed by the Jefferson County Probate Judge. Member Number Three is appointed by the Jefferson County Personnel Board. Member Number Four and Member Number Five are elected by the active and retired members of the System. Member Number Four must be a retired member of GRS. Each member serves a term of office of three years.

Complete financial information of these entities may be reviewed at the Jefferson County Courthouse, Finance Department, Room 810, Birmingham, Alabama.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (based on the Commission as a whole) and fund financial statements.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Commission as a whole, including its blended component units. These statements include the financial activities of the primary government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Commission. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between program revenues and direct expenses for each segment of the business-type activities of the Commission and for each function of the Commission's governmental activities. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. During 2020, indirect expenses were allocated to the various functions using different bases, as deemed appropriate for the individual expense.

Fund Financial Statements

The fund financial statements provide information about the Commission's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. As a general rule, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Commission gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Revenue from property taxes and grants is recognized in the fiscal year for which the taxes and grants are both due and collectible and available to fund operations.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are charges between the government's enterprise functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Under the terms of grant agreements, the Commission funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the Commission's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured.

	Fund Financial Statements			
	Government-Wide Financial Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire government (except fiduciary funds)	Activities of the Commission that are not proprietary or fiduciary	Activities of the Commission that operate similar to businesses	Activities for which the Commission acts as trustee for someone else's resources
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	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	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

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issued and acquisitions under capital leases are reported as other financing sources.

The following major governmental funds are included in the Commission's financial statements:

- *General Fund* – This fund is the primary operating fund of the Commission. It is used to account for financial resources except those required to be accounted for in another fund. The Commission primarily receives revenues from collections of property taxes, county sales taxes and revenues collected by the State of Alabama and shared with the Commission. Within the general fund, the Commission distinguishes four sub-funds: Uncertainty Fund, Catastrophic Fund, Budget Stabilization Fund and the Economic Development Fund. The Uncertainty and Catastrophic Funds account for cash and investments assigned for the purpose of providing resources when significant unexpected events occur. The Budget Stabilization Fund is to provide reserve funds for unexpected economic or other budgetary circumstances. The Economic Development Fund accounts for resources assigned for use to foster large scale economic development opportunities.
- *Special Sales Tax Revenue Fund* – This special revenue fund is used to account for the special revenue sales tax collected and used for the payment of the Commission's principal and interest on certain governmental bonds and distributed in accordance with Article 9 of the trust indenture dated July 1, 2017.
- *Indigent Care Fund* – This special revenue fund is used to account for the receipt of beverage and sales taxes designated for indigent residents of Jefferson County (the County). In April 2019, the Commission entered into an agreement with the Board of Trustees of the University of Alabama and the UAB Health System for UAB to establish a University Authority to operate Cooper Green Mercy Health Services. The transfer of certain operations and employees from the Jefferson County Commission to the newly created Cooper Green Mercy Health Services Authority occurred on April 10, 2020. Prior to this date, the Indigent Care Fund included the operations of Cooper Green Mercy Health Services.
- *Bridge and Public Building Fund* – This special revenue fund, designated by the Commission as a major fund, is used to account for the expenditure of special County property taxes for building and maintaining public buildings, roads and bridges.
- *CARES Act Fund* – This special revenue fund is used to account for the receipt and eligible expenditure of funds related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act was signed into federal law on March 27, 2020 and provides funds to state, local, and tribal governments navigating the impact of the COVID-19 outbreak.

Other nonmajor governmental funds are as follows:

- *Community Development Fund* – This fund is used to account for the expenditure of federal block grant funds.
- *Capital Improvements Fund* – This fund is used to account for the financial resources used in the improvement of major capital facilities.
- *Road Construction Fund* – This fund is used to account for the financial resources expended in the construction of roads.
- *Home Grant Fund* – This fund is used to account for the expenditure of funds received to create affordable housing for low income households.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- *Road Fund* – This fund is used to account for the expenditure of funds received for building and maintaining roads and bridges.
- *Board of Equalization* – This fund is used to account for property taxes restricted by the State for the operation of the Board of Equalization.
- *Workforce Development Fund* – This fund is used to account for the expenditures of the Workforce Innovation Opportunity Act (WIOA).
- *Community Development Loan Fund* – This fund is used to account for loans to businesses through the federal block grant funds.
- *Tax Assessor – Birmingham Fund* – This fund is used to account for the expenditures for the State-funded Tax Assessor Birmingham operations.
- *Tax Assessor – Bessemer Fund* – This fund is used to account for the expenditures for the State-funded Tax Assessor Bessemer operations.
- *Debt Service Fund* – This fund is used to account for the accumulation of resources for and the payment of the Commission’s principal and interest on certain governmental bonds.
- *Limited Obligation Refunding Debt* – This fund is used to account for the payment of principal and interest on the Series 2017 Limited Obligation Refunding Debt.

The Commission currently reports enterprise funds as its only type of proprietary fund. Enterprise funds report the activities for which fees are charged to external users for goods or services. This fund type is also used when the activity is financed with debt that is secured solely by a pledge of the net revenues from the fees. Proprietary funds distinguish operating revenues and expenses from nonoperating items in their statements of revenues, expenses and changes in fund net position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations.

The principal operating revenues of the Commission’s enterprise funds are charges to customers for the purchase or use of the proprietary fund’s principal product or service. Operating expenses for the Commission’s enterprise funds include the cost of providing those products or services, administrative expenses, depreciation on capital assets and closure and postclosure care costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major enterprise fund is included in the Commission’s financial statements:

- *Sanitary Operations Fund* – This fund is used to account for the operations of the Commission’s sanitary sewer systems. Revenues are generated primarily through user charges, impact fees and designated property and ad valorem taxes.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Other nonmajor enterprise funds are as follows:

- *Landfill Operations Fund* – This fund is used to account for the operations of the Commission’s landfill systems. Revenues are generated primarily through user charges and lease payments from a third-party lessee.
- *Jefferson County Economic and Industrial Development Authority* – This fund is used to account for the operations of the Jefferson County Economic and Industrial Development Authority. This authority was incorporated in 1995 to engage in the solicitation and promotion of industry and industrial development and to induce industrial and commercial enterprises to locate, expand or improve their operations or remain in Jefferson County.
- *Hallmark Farms Cooperative District* – This fund is used to account for the operations of the Hallmark Farms Cooperative District of Jefferson County, Alabama and the City of Warrior, Alabama, which was incorporated in 2019 for the purpose of acquiring and making infrastructure improvements to certain real estate for commercial, industrial, and retail purposes.

The Commission currently reports agency funds as its only type of fiduciary fund. Agency funds are used to report assets held by the Commission in a purely custodial capacity. The Commission collects these assets and transfers them to the proper individual, private organization or other government.

The following agency funds are presented with the Commission’s financial statements:

- *City of Birmingham Revolving Loan Fund* – This fund is used to account for resources held by the Commission in a custodial capacity for the City of Birmingham’s revolving loan program.
- *Emergency Management Agency Fund* – This fund is used to account for resources held by the Commission on behalf of the Jefferson County Emergency Management Association which oversees disaster assistance programs.
- *Personnel Board Fund* – This fund is used to account for resources held by the Commission on behalf of the Jefferson County Personnel Board, which oversees personnel management for various municipalities located in Jefferson County, Alabama.

The preparation of financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

As a governmental unit, the Commission is exempt from federal and state income taxes.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances

Cash and Investments

Cash includes cash on hand, demand deposit accounts maintained with financial institutions and short-term investments with original maturities of three months or less from the date of purchase. For purposes of the statement of cash flows, the proprietary fund type considers all cash and investments to be cash.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The Commission uses several methods for investing money. The funds held by the Commission are generally invested in cash and cash equivalents (such as bank deposit accounts, money market accounts and fixed income short-term investment funds) or highly liquid investments in debt securities.

The Commission maintains a fiscal policy which states that the primary objective of the investment program is safety. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio with a secondary objective to generate returns that exceed standard money market funds and overnight investments. The goal of the investment program is to maximize total investment return over the long-term, subject to a sufficient level of safety, liquidity and diversification. The objective will be to mitigate credit risk and interest rate risk.

Statutes authorize the Commission to invest in obligations of U.S. Treasury and federal agency securities, along with certain pre-refunded public obligations, such as bonds or other obligations of any state of the United States of America or any agency, instrumentality or local governmental unit of any such state provided that such investments are rated in the highest rating category of S&P Global Ratings, a division of S&P Global Inc. (S&P) and Moody's Investors Service, Inc. (Moody's).

In addition, the Commission has investments that are held for debt service, capital improvement or other purposes, which are generally managed under a Trust. The Trust Indentures usually specify that funds (other than operating accounts) shall be invested or reinvested in qualified investments, in accordance with the instructions of the Commission. In the absence of such instructions, investments are made in qualified investments, specified in the related agreement, which comply with the Commission's Investment Policy and include those types of investments enumerated above.

Investments are reported at fair value. Money market accounts and short-term investment funds are reported at cost, which approximates fair value. Investments held in escrow for retainage on construction contracts and as surety for purchase commitments are stated at fair value.

Receivables

All trade, property tax, loans and patient receivables are shown net of an allowance for uncollectible amounts. Allowances for doubtful accounts are estimated based on historical write-off percentages. Doubtful accounts are written off against the allowance after adequate collection effort is exhausted and are recorded as recoveries of bad debts if subsequently collected.

Sales tax receivables consist of taxes that have been paid by consumers in September. This tax is normally remitted to the Commission within the next 60 days.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Allowances for uncollectible accounts on accounts receivable totaled \$30,829 at September 30, 2020.

In previous fiscal years, the Commission issued long-term loans with original balances of \$16,200 to the City of Fultondale (matured on April 1, 2016, with three-percent interest rate, payable annually) and \$15,170 to local contractors for special needs housing developments within the County (maturities ranging from January 2019 to July 2045 with interest rates ranging from zero to two percent, payable at maturity). These loans totaled \$17,012 (net of an allowance of \$10,674) at September 30, 2020.

The Commission issues long-term loans through the Community Development Office for house repairs of low and moderate-income homeowners and for firms that may not have access to sufficient long-term capital financing. These loans totaled \$317 (net of an allowance of \$1,139) at September 30, 2020.

Millage rates for property taxes are levied at the first regular meeting of the Commission in February of each year. Property taxes are assessed as of October 1 of the preceding fiscal year based on the millage rates established by the Commission. Property taxes are due and payable the following October 1 and are delinquent after December 31. Amounts receivable, net of estimated refunds and estimated uncollectible amounts, are recorded for the property taxes levied in the current year.

However, since the amounts are not available to fund current year operations, the revenue is recorded as a deferred inflow of resources in the year accrued and recognized in the subsequent fiscal year when the taxes are both due and collectible and available to fund operations.

Receivables due from other governments include amounts due from grantors for grants issued for specific programs and capital projects and amounts due from the state and other local governments.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Amounts recorded in the governmental funds are offset by an equal amount of non-spendable fund balance.

Restricted Assets

Certain resources set aside for the repayment of certain general obligation and sewer revenue warrants (debt service and any related reserve funds) are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts (usually trusts), and their use is limited by applicable warrant agreements. Also, certain amounts may be classified as restricted because they are limited by warrant documents for capital improvements. Accrued income related to investments held for debt service or capital improvement warrant funds is also classified as restricted, as such income reverts to the specific fund and for the same purposes.

Other restricted assets include retainage and funds set aside for closure or postclosure care.

Capital Assets

Capital assets, which include land, property, equipment and infrastructure assets (e.g., roads, bridges, water and sewer systems and similar items), are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Depreciation on all assets is provided on the straight-line basis over an asset's estimated useful life. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

Item	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 100	40 years
Equipment and furniture	5	5-10 years
Roads	250	15 years
Bridges	250	40 years
Collection sewer system assets	250	25-40 years
Treatment plant sewer system assets	250	40 years
Landfills and improvements	100	25 years

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital assets are reviewed for impairment in accordance with the methodology prescribed in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. Asset impairment, as defined by this standard, is a significant, unexpected decline in the service utility of a capital asset and is not a function of the recoverability of the carrying amount of the asset. Service utility is the usable capacity of the asset that was expected to be used at the time of acquisition and is not related to the level of actual utilization, but the capacity for utilization. Indicators that the service utility of an asset has significantly declined include: (a) evidence of physical damage; (b) changes in legal or environmental circumstances; (c) technological development or evidence of obsolescence; (d) a change in the manner or expected duration of use of the asset; and (e) construction stoppage. The Commission has determined that no capital asset impairment exists at September 30, 2020.

Transactions between Funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund level balance sheet.

Transactions between funds, which would have been treated as revenues, expenditures or expenses if they involved organizations external to the governmental unit, are accounted for as revenues, expenditures or expenses in the funds involved.

Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expenses in the fund reimbursed. All other nonreciprocal transactions between funds which are not reimbursements and where the funds do not receive equivalent goods or services for the transactions are classified as transfers.

Estimated Claims Liabilities

The Commission establishes claims liabilities for health insurance, general, auto and workers’ compensation self-insured activities based on estimates of the ultimate cost of claims (including future claims adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Warrants Payable

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Warrant premiums and discounts, as well as the costs of insurance premiums for warrants issued, are deferred and amortized over the life of the warrants. Bond issuance costs (other than insurance premiums) are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

The Commission has a standard leave policy for its full-time employees as to sick and vacation leave.

Vacation Leave – Vacation leave is earned based on the following table:

Length of Service	Vacation Leave Earned (Per Month)
0-12 years	1 day
12-25 years	1 ½ days
Over 25 years	2 days

Vacation earned but not used during the calendar year may be accumulated up to a maximum of 40 days. Vacation leave earned in excess of the maximum accumulation must be used by December 31 of each year, or it shall be forfeited. A permanent employee terminating from Commission service in good standing shall be compensated for unused earned vacation not to exceed 40 days.

Sick Leave – Sick leave shall be earned at the rate of one day for each month of service. Sick leave earned but not used during the calendar year may be accumulated with no maximum limit. A permanent employee who resigns or retires from the Commission in good standing after five years of service may, subject to the approval of the appointing authority, receive pay for 50 percent of the accumulated sick leave not to exceed 30 days.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Compensatory Leave – Eligible Commission employees covered by provisions of the Fair Labor Standards Act are paid for overtime hours worked at the rate of time-and-one-half. In some instances, the employee may be offered compensatory leave.

Maximum limitations of accumulated compensatory time are as follows:

- Public Safety employees may accrue a maximum of 480 hours.
- All other employees may accrue a maximum of 240 hours.

Any employee's accrual of overtime in excess of the maximum limitation shall, within the following pay period, be disposed of by either (a) payment at the current hourly pay rate of the employee or (b) granting equivalent time off. The Commission uses the vesting method to accrue its sick leave liability.

Under this method, an accrual for earned sick leave is based on the sick leave accumulated at September 30 each year by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments, reduced to the maximum amount allowed as a termination payment.

As of September 30, 2020, the liability for accrued vacation and compensatory leave included in the government-wide statement of net position is approximately \$15,599 of which \$12,898 is reported in the governmental activities and \$2,701 is reported in the business-type activities. Of this amount, an estimated \$10,045 is payable within a year.

As of September 30, 2020, the liability for accrued sick leave included in the government-wide statement of net position is approximately \$6,740. Of this amount, \$5,577 is reported in the governmental activities, and \$1,163 is reported in the business-type activities. Due and payable within one year of September 30, 2020, is approximately \$432.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows and Inflows of Resources

GASB provides that certain amounts reported on the statements of net position and balance sheets of a governmental entity be reported separately from assets and liabilities and be reported as deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent 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. Deferred outflows of resources include pension-related deferred outflows, which result from the Commission's defined benefit pension plan (the Pension Plan), other postemployment benefits (OPEB)-related deferred outflows, which result from the Commission's OPEB plan (the OPEB Plan), and amounts resulting from a commitment to the Birmingham-Jefferson Civic Center Authority (BJCC). Pension-related and OPEB-related deferred outflows represent amounts resulting from timing differences of contributions made subsequent to plan measurement dates but as of the date of the basic financial statements, and net differences between projected and actual experience and earnings of the plans.

Deferred inflows of resources represent 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. Deferred inflows of resources consist of (1) resources associated with imposed nonexchange revenue transactions, such as property taxes that are reported as a receivable before the period for which the property taxes are levied, (2) pension-related and OPEB-related deferred inflows, which represent the difference between projected and actual experience and earnings of the plans, and (3) gain on refunding of warrants.

Net Pension Liability (Asset)

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources, and expenses associated with the Pension Plan, information about the Plan's fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Plan Expense

The Commission is required to measure and disclose amounts relating to net pension liability (asset), deferred outflows of resources and deferred inflows of resources, pension expense and the fiduciary net position of the Pension Plan. Actuarially determined periodic contributions are made by the Commission in order to maintain sufficient assets to pay benefits when due.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Position/Fund Balances

Net position is reported on the government-wide and proprietary fund financial statements and is required to be classified into the following net asset categories:

- *Net investment in capital assets* – Capital assets, net of accumulated depreciation, outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets and capital related deferred inflows and outflows. Any significant unspent related debt proceeds at year end related to capital assets are included in this calculation.
- *Restricted* – Constraints are imposed on net position balances by external creditors, grantors, contributors, laws or regulations of other governments or law through constitutional provision or enabling legislation.
- *Unrestricted* – Net position balances that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Commission.

Fund balances are reported in the fund financial statements. Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts are reported as nonspendable, restricted, committed, assigned or unassigned, as follows:

- *Nonspendable* – Items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts or long-term portions of loans or notes receivable) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.
- *Restricted* – Constraints are placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- *Committed* – Items can be used only for specific purposes pursuant to constraints imposed by the Commission's highest level of decision making authority. This formal action is the passage of an ordinance specifying the purposes for which amounts can be used. The same type of formal action is necessary to remove or change the specified use.
- *Assigned* – Constraints are placed upon the use of the resources by a responsible official's request for a specific purpose but are neither restricted nor committed. For governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed.
- *Unassigned* – The residual amount of the general fund that is not included in the four categories above. Also, any deficit fund balances within the other non-general fund governmental fund types are reported as unassigned.

When both restricted and unrestricted amounts are available for use, Commission policy is to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, the policy is to use committed amounts first, followed by assigned amounts, then unassigned amounts as needed.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB Statement No. 72, *Fair Value Measurements and Application*, are described as follows:

- Level 1 – Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities which might be exchanged in multiple active markets.
- Level 2 – Inputs to valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads; and inputs that are market-corroborated by observable market data.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Subsequent Events

Management has evaluated subsequent events and their potential effects on these financial statements through March 31, 2021, the date the financial statements were issued. See Note S for subsequent event disclosures.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE B - SIGNIFICANT NEW ACCOUNTING PRONOUNCEMENTS

Statement No. 84, *Fiduciary Activities*, was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities.

Statement No. 84 provides that governments should report activities meeting the criteria in a fiduciary fund in the basic financial statements and present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Statement No. 84 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. While the Commission is currently evaluating this standard, its impact on the financial statements is expected to be significant.

GASB Statement No. 87, *Leases*, was issued to improve accounting and financial reporting for leases by governments. The main rules of Statement No. 87 with respect to government entities that are lessees require that the lessees:

- Recognize the following: (a) a lease liability and (b) an intangible asset representing the lessee's right to use the leased asset; and
- Report in its financial statements: (a) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (b) interest expense on the lease liability and (c) note disclosures about the lease.

Under Statement No. 87, government entities that are lessors must:

- Recognize: (a) a lease receivable and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and
- Report in its financial statements: (a) lease revenue, recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable and (c) note disclosures about the lease.

The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The Commission is currently evaluating the impact this standard may have on its financial statements.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE B - SIGNIFICANT NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Statement No. 96 is effective for fiscal years beginning after June 15, 2022. The Commission is currently evaluating the impact this standard may have on its financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, was issued to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 is effective for fiscal years beginning after June 15, 2021. The Commission is currently evaluating the impact this standard may have on its financial statements.

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The State Legislature enacted the County Financial Control Act of 1935, which is the present statutory basis for Commission budgeting operations. Under the terms of the County Financial Control Act, each county commission, at a meeting in September of each year, but in any event not later than the first meeting in October, must estimate the County's revenues and expenditures and appropriate for the various purposes the respective amounts that are to be used for each purpose. The budgets must be approved by the Commission. The appropriations must not exceed the total revenues available for appropriation. Expenditures may not legally exceed appropriations.

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end.

Budgets may be adjusted during the fiscal year when approved by the Commission. Any changes must be within the revenues and reserves estimated to be available.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

Budget and actual comparisons for the General Fund, Special Sales Tax Fund, Bridge and Public Building Fund, CARES Act Fund and Indigent Care Fund are presented in the required supplementary information section.

Deficit Fund Balance of Individual Funds

At September 30, 2020, the Community Development Fund had a deficit fund balance in the amount of \$169.

At September 30, 2020, the Landfill Operations Fund and Jefferson County Economic and Industrial Development Authority had deficit fund balances in the amounts of \$4,063 and \$2,176, respectively, and amounts due to other funds of \$5,189 and \$29,351, respectively.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE D - CASH AND INVESTMENTS

Cash and Investments

As of September 30, 2020, the components of cash and cash equivalents, investments and restricted assets are as follows:

	Governmental Activities	Business-Type Activities	Total
Petty cash	\$ 128	\$ 1	\$ 129
Cash and cash equivalents	<u>225,942</u>	<u>27,155</u>	<u>253,097</u>
	226,070	27,156	253,226
Restricted assets held for:			
Closure and postclosure care	-	219	219
Debt service	2,731	35,229	37,960
Debt service or capital improvements	-	388,787	388,787
Other purposes	<u>109,679</u>	<u>-</u>	<u>109,679</u>
Total restricted assets	<u>112,410</u>	<u>424,235</u>	<u>536,645</u>
Property held for sale	<u>-</u>	<u>25,220</u>	<u>25,220</u>
Total cash and investments	<u>\$ 338,480</u>	<u>\$ 476,611</u>	<u>\$ 815,091</u>
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 337,958	\$ 97,213	\$ 435,171
Investments:			
Certificates of deposits	-	15,000	15,000
U.S. Governmental agencies:			
GNMA Pools	-	324,155	324,155
Short term investment fixed income fund	522	-	522
Municipal bonds	<u>-</u>	<u>13,886</u>	<u>13,886</u>
Total investments	522	353,041	353,563
Property held for sale	<u>-</u>	<u>25,220</u>	<u>25,220</u>
Total investments and property held for sale	522	378,261	378,783
Other restricted assets:			
Held for retainage or postclosure care	-	219	219
Accrued interest receivable on restricted investments	<u>-</u>	<u>918</u>	<u>918</u>
	<u>\$ 338,480</u>	<u>\$ 476,611</u>	<u>\$ 815,091</u>

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE D - CASH AND INVESTMENTS – CONTINUED

Interest Rate Risk

In accordance with its investment policy, the Commission manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. As noted above, the Commission holds approximately 55% of cash and investments in cash and cash equivalents. For investments held, the maturity table below indicates that approximately 9% of investments held have a maturity of five years or less. The investments in Government National Mortgage Association (GNMA) pools and federal agency pass thru securities (mortgage-backed securities) have longer maturities but are subject to annual prepayments and the actual maturities are usually significantly less than the stated maturities.

Cash and cash equivalents are primarily held in money market accounts or bank deposit accounts. These accounts consist of traditional deposit accounts or accounts that are held in Trust with a bank. The Trusts, managed by the Bank, are for the benefit of the general fund or hold restricted cash for debt service or capital improvements.

The Commission maintains a portfolio of short-term, intermediate and long-term duration investments, all reported at fair value (see discussion of fair value below).

Maturity

As of September 30, 2020, the Commission's funds held in cash or cash equivalents, including money market accounts and funds held by financial institutions, which are all recorded at cost, were current and available funds. As of September 30, 2020, the Commission's investments had the following maturities:

	Fair Value	Investment Maturities				
		Less than 1 Year	1 - 5 Years	6 - 10 Years	11 - 15 Years	> 15 Years
Certificates of deposit	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ -	\$ -
U.S. Government Agencies:						
GNMA pools	324,155	4	14,060	153,796	155,299	996
Fixed income short-term investment fund	522	522	-	-	-	-
Municipal bonds	13,886	-	2,027	10,477	1,382	-
	<u>\$ 353,563</u>	<u>\$ 526</u>	<u>\$ 31,087</u>	<u>\$ 164,273</u>	<u>\$ 156,681</u>	<u>\$ 996</u>

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE D - CASH AND INVESTMENTS – CONTINUED

For mortgage-backed securities (GNMA pools and pass thru securities), actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Embedded prepayment options cause these investments to be highly sensitive to changes in interest rates.

Prepayments of underlying assets reduce the total interest payments to be received. Generally, when interest rates fall, borrowers tend to prepay the mortgages, thus eliminating the stream of interest payments that would have been received under the original amortization schedule. The resulting reduction in cash flow can diminish the fair value of the obligation.

Custodial Credit Risk

The investments maintained for the general use of the Commission are managed by the Jefferson County Treasurer or a bank on their behalf. The restricted investments held in a trust for debt service or capital projects are managed by the bank holding the trust or a designated agent (another bank or investment firm). The Commission's fiscal agent or custodian provides the fair value to the Commission of all intermediate maturity investments.

Cash and Cash Equivalents - The custodial credit risk for cash deposits is the risk that, in the event of a bank failure, the Commission will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Commission's cash deposits at year end were insured by the Federal Deposit Insurance Corporation (FDIC) or protected under the Security for Alabama Funds Enhancement Program (SAFE Program).

The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the *Code of Alabama 1975*, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program, all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the FDIC. If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

Funds held in a trust with a bank are FDIC insured up to \$250. The excess deposits are held in a cash sweep by the bank, which is collateralized by government securities with perfected liens on the bank's investment securities (pledged) in an amount not less than 105% of the total excess deposits. In the event of a default, the collateral would revert to the collateral agent to be distributed to the account owners.

Investments - Custodial credit risk for investments is the risk that an entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. To mitigate custodial risk for investments, the Commission limits the investments held to the categories discussed above and to securities backed by the U.S. government or with prime ratings by Moody's Investors Service, Inc. (Moody's) or S&P Global Ratings, a division of S&P Global, Inc. (S&P) rating agencies.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE D - CASH AND INVESTMENTS – CONTINUED

As of September 30, 2020, the Commission’s investments had the following ratings by Moody’s and S&P rating agencies:

Ratings by Moody's			Ratings by S&P		
Fair Value	Ratings	Percentage	Fair Value	Ratings	Percentage
\$ 718	AA1	0.20%	\$ 6,662	AA	1.88%
5,604	AA2	1.59%	4,817	AA-	1.36%
558	AA3	0.16%	290	A+	0.08%
4,181	A1	1.18%	587	A	0.17%
169	A2	0.05%	341,207	NA	96.51%
1,019	A3	0.29%			
341,314	NA	96.53%			
<u>\$ 353,563</u>		<u>100%</u>	<u>\$ 353,563</u>		<u>100%</u>

Ratings are not provided for the certificates of deposit, GNMA pool investments, short-term fixed income mutual fund and municipal bonds, which are considered not applicable, and reported in the NA category in the above chart. The S&P ratings noted above also include the U.S. Treasury securities held by the Commission in the NA category. U.S. Treasury obligations and GNMA investment securities are backed by the full faith and guarantee of the U.S. Government.

All investments held by the Commission as of September 30, 2020, had a rating from one of the rating agencies that was in compliance with the Investment Policy.

Investment Risk

Investment securities are exposed to market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Concentration of Credit Risk

The Commission’s investment policy generally does not allow for an investment in any one issuer that is in excess of five percent of total cash and investments. The investments listed above include \$324,155 of GNMA pools, which represent pools of mortgages issued by GNMA, consisting of a multitude of underlying borrowers, generally with no concentrations. GNMA securities are backed by the full faith and credit of the U.S. Government. There were no other concentrations of investments noted at September 30, 2020.

Certain cash and cash equivalents, consisting primarily of money market or deposit accounts held at September 30, 2020, were with five large financial institutions and totaled approximately \$301,000 (included in cash and cash equivalents). These funds are held in trusts with the financial institutions.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE D - CASH AND INVESTMENTS – CONTINUED

Fair Value

The Commission maintains all investments at fair value. Investments are classified into a fair value measurement using the levels and inputs as described in Note A above. The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash Equivalents and Short-Term Investments – For those short-term instruments, the carrying amount (cost) is a reasonable estimate of fair value.

Investment Securities – The Commission places reliance on independent investment managers or designated agents to provide fair value information for the investments held. The following fair value measurement inputs were used for investments held by the Commission:

- Certificates of Deposit - Fair values for all other investments were determined using quoted market prices and are classified as Level 1 within the fair value hierarchy.
- U.S. Government Agency Securities and Municipal Bonds - Fair values for all other investments were determined using other observable inputs, either directly or indirectly, and are classified as Level 2 within the fair value hierarchy.

Property Held for Sale – The Commission measures fair value of property held for sale using the asking sell price at the time the property is put on the market.

The following fair value hierarchy table presents information about the Commission’s investments measured at fair value as of September 30, 2020:

	Fair Value	Fair Value Measurement at Report Date Using		
		Quoted Prices in Active Markets	Significant Other Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Investment Securities:				
Certificates of deposit	\$ 15,000	\$ 15,000	\$ -	\$ -
U.S. Government agency securities	324,155	-	324,155	-
Fixed income short-term investment mutual fund	522	-	522	-
Municipal bonds	13,886	-	13,886	-
Property held for sale	25,220	-	25,220	-
Total Investments	\$ 378,783	\$ 15,000	\$ 363,783	\$ -

Restricted Assets

Restricted assets are primarily held for debt service, reserve fund requirements and capital improvements for the Commission. See Note J for discussion of debt service restricted funds.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

Governmental Activities	Balance at September 30, 2019	Additions	Disposals	Transfers/ Reclassifications	Balance at September 30, 2020
Nondepreciable capital assets:					
Land	\$ 18,302	\$ -	\$ -	\$ -	\$ 18,302
Construction in progress	61,214	19,145	-	(21,598)	58,761
	79,516	19,145	-	(21,598)	77,063
Depreciable capital assets:					
Buildings	457,006	695	-	5,695	463,396
Improvements other than land/buildings	218,853	648	-	15,890	235,391
Maintenance equipment	14,297	887	(1,006)	-	14,178
Motor vehicles	42,416	2,307	(1,437)	(3)	43,283
Equipment under capital lease	29,152	3,106	(738)	-	31,520
Miscellaneous equipment	20,089	4,578	(1,150)	13	23,530
Office furniture and fixtures	19,207	2,250	-	-	21,457
Software	5,974	1,481	-	-	7,455
	806,994	15,952	(4,331)	21,595	840,210
Less accumulated depreciation for:					
Buildings	(288,679)	(7,269)	-	-	(295,948)
Improvements other than land/buildings	(137,492)	(7,989)	-	-	(145,481)
Maintenance equipment	(10,861)	(580)	743	-	(10,698)
Motor vehicles	(32,837)	(3,888)	1,404	4	(35,317)
Equipment under capital lease	(17,722)	(1,622)	191	-	(19,153)
Miscellaneous equipment	(12,607)	(1,940)	610	-	(13,937)
Office furniture and fixtures	(19,181)	(1,136)	-	-	(20,317)
Software	(4,745)	(1,050)	-	-	(5,795)
	(524,124)	(25,474)	2,948	4	(546,646)
Total depreciable capital assets, net	282,870	(9,522)	(1,383)	21,599	293,564
Total capital assets, net	\$ 362,386	\$ 9,623	\$ (1,383)	\$ 1	\$ 370,627

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE E - CAPITAL ASSETS – CONTINUED

Business-Type Activities	Balance at September 30, 2019	Additions	Disposals	Transfers/ Reclassifications	Balance at September 30, 2020
Nondepreciable capital assets:					
Land	\$ 30,284	\$ -	\$ -	\$ 5,269 *	\$ 35,553
Construction in progress	104,130	35,287	-	(26,302)	113,115
	134,414	35,287	-	(21,033)	148,668
Depreciable capital assets:					
Buildings	1,023,261	-	-	2,423 *	1,025,684
Improvements other than land/buildings	3,736,831	10,576	-	26,143	3,773,550
Maintenance equipment	8,568	2,118	-	55	10,740
Motor vehicles	23,161	1,426	(291)	183	24,479
Miscellaneous equipment	5,890	585	-	-	6,475
Office furniture and fixtures	1,060	-	-	(281)	779
Software	783	-	-	-	783
	4,799,553	14,705	(291)	28,523	4,842,490
Less accumulated depreciation for:					
Buildings	(482,382)	(23,549)	-	-	(505,931)
Improvements other than land/buildings	(2,253,644)	(120,402)	-	-	(2,374,047)
Maintenance equipment	(5,259)	-	-	-	(5,259)
Motor vehicles	(16,731)	(2,127)	291	-	(18,567)
Miscellaneous equipment	(3,697)	(659)	-	-	(4,356)
Office furniture and fixtures	(753)	-	-	3	(750)
Software	(350)	(212)	-	-	(562)
	(2,762,816)	(146,949)	291	3	(2,909,471)
Total depreciable capital assets, net	2,036,737	(132,245)	-	28,526	1,933,018
Total capital assets, net	<u>\$ 2,171,151</u>	<u>\$ (96,958)</u>	<u>\$ -</u>	<u>\$ 7,493</u>	<u>\$ 2,081,686</u>

* Assets of the Hallmark Farms Cooperative District, which was reported as a blended component unit of the Commission for the year ended September 30, 2020.

The net book value of landfill operations capital assets leased to a third party at September 30, 2020, is \$16,800. See Note H for discussion of the operating lease.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE E - CAPITAL ASSETS – CONTINUED

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	\$	11,396
Public safety		3,932
Highways and roads		9,222
Health		914
Welfare		10
		<hr/>
Total depreciation expense – governmental activities	\$	<u>25,474</u>
Business-type activities:		
Landfill operations	\$	1,798
Sanitary operations		145,090
Hallmark		61
Industrial Development Authority		-
		<hr/>
Total depreciation expense – business-type activities	\$	<u>146,949</u>

NOTE F - UNEARNED REVENUES / DEFERRED INFLOWS

In instances where assets have been received by the Commission for services to be rendered in future periods, asset balances have been offset by an unearned revenue liability account. Deferred inflows are reported in governmental funds to offset receivables or deposits for revenues that do not meet the availability criterion under the modified accrual basis of accounting. At September 30, 2020, the various components of unearned revenue and deferred inflows reported in the governmental funds and proprietary funds consisted of ad valorem taxes – property.

NOTE G - LEASE OBLIGATIONS

The Commission has entered into various capital and operating lease agreements. Assets and obligations under capital leases and future minimum payments due under operating leases are not considered material. During the fiscal year ended September 30, 2020, amounts paid by the Commission under operating lease agreements totaled approximately \$1,302 for governmental activities.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE H - LANDFILL LEASE

On January 1, 2006, and amended on February 25, 2013, the Commission, as lessor, entered into an agreement with Santek Environmental of Alabama, LLC (Santek) to lease its two landfills, one transfer station and one convenience center, until the completion of the operational life of the landfills. The Commission retains its rights to sell methane gas produced naturally at the landfills.

Future minimum rental payments to be received are contractually due as follows as of September 30, 2020

2021	\$	918
2022		918
2023		918
2024		918
2025		918
Thereafter		36,949
	\$	41,539

Future minimum rental payments to be received do not include contingent rentals that may be received under the lease because of use in excess of specified amounts. Total rental income during 2020 of \$1,671 is presented as other operating revenue in the proprietary funds statement of revenues, expenses and changes in net position.

NOTE I - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require that the Commission place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfills, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfills no longer accept waste.

The recognition of these landfill closure and postclosure care costs is based on the amount of the landfills' capacities used during the year.

The recorded liability for landfill closure and postclosure care costs is \$16,190 as of September 30, 2020. This estimate was based on 100-percent usage (filled) of the Jefferson County Landfill Number 1, Cell No. 1, 71-percent usage (filled) of the Jefferson County Landfill Number 1, Cell No. 2, 93-percent usage (filled) of the Jefferson County Landfill Number 2, Cell No. 1-1 and the remaining liability for the Mt. Olive Sanitary and the Turkey Creek Sanitary Landfills, which were both closed in 1997. The total estimated current costs of closure and postclosure care remaining to be recognized and the estimated remaining useful lives of the landfills at September 30, 2020, are \$2,400 and 2.4 years at the current average disposal rates. Future subcells in Cell No. 2 are planned, so these estimates will require modification as new subcells are constructed.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE I - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS – CONTINUED

Santek has agreed to fund \$1.28 (not in thousands) per ton into a restricted account to fund closure and postclosure care costs of the landfills. To the extent that the funds in the restricted account are not adequate and Santek is unable to fund the closure and postclosure care obligation, the ultimate liability falls back to the Commission. Funds in the account total \$219 as of September 30, 2020 and are presented as noncurrent restricted assets on the accompanying statement of net position under business-type activities. In accordance with Alabama Department of Environmental Management (ADEM) regulations, the Commission is required to provide financial assurance for closure and postclosure care costs annually. At September 30, 2020, the Commission was in compliance with the ADEM requirement related to financial assurance. The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities and services required to close, monitor and maintain the landfills were acquired as of September 30, 2020. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

NOTE J - LONG-TERM DEBT

WARRANTS PAYABLE

Warrants payable include obligations for warrants issued in the name of the Jefferson County Commission for the primary purpose of sewer capital projects and related improvements (Business-Type Activities – Sewer Revenue Warrants), for the primary purpose of general capital projects and related improvements (Governmental Activities – General Obligation Refunding Warrants), and for the primary purpose of school capital projects and related improvements (Governmental Activities – Limited Obligation Refunding Warrants). Warrants payable also include related amounts of premiums and discounts on the warrants, which are recorded on the statement of net position as an adjustment to the carrying value of the related debt and amortized over the life of the warrants.

BUSINESS-TYPE ACTIVITIES

2013 Sewer Revenue Warrants

The Commission entered into a Trust Indenture dated as of December 1, 2013, between the County and Wells Fargo Bank, National Association (Wells Fargo) as Trustee (the 2013 Sewer Trustee), as supplemented by the First Supplemental Indenture (hereinafter defined as the 2013 Sewer Indenture), whereby the Commission issued its Senior Lien and Subordinate Lien Sewer Revenue Warrants, Series 2013-A through Series 2013-F, in the aggregate principal amount of \$1,785,486 (the 2013 Sewer Warrants or Secured Obligations).

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

The net proceeds of the 2013 Sewer Warrants were used to (i) retire the previously outstanding Sewer Warrants and pay certain claims under the Commission's 2013 Plan of Adjustment (Plan of Adjustment), (ii) pay the premium for a municipal bond insurance policy issued by Assured Guaranty Municipal Corp. (AGM) and (iii) pay a portion of the costs of issuing the 2013 Sewer Warrants.

The 2013 Sewer Warrants are not general obligations of the Commission, but represent limited obligations of the Commission, payable solely out of and secured by a pledge and assignment of the revenues (other than tax revenues) collected from the Commission's sanitary sewer system (the System Revenues) and, further, (i) money and investments from time to time on deposit in, or forming a part of, the Revenue Fund, the Operating Account, the Costs of Issuance Fund and the Capital Improvement Fund, all established under the 2013 Sewer Indenture, and (ii) any other property which may, from time to time, be specifically subjected to the lien of the 2013 Sewer Indenture as additional security for the 2013 Sewer Warrants (together with the System Revenues, the General Trust Estate).

The Senior Lien Sewer Warrants Series 2013-A are Current Interest Warrants, while the Senior Lien Sewer Warrants Series 2013-B are Capital Appreciation Warrants and Senior Lien Sewer Warrants Series 2013-C are Convertible Capital Appreciation Warrants. The Senior Lien Sewer Warrants Series 2013-A, Series 2013-B and Series 2013-C (the Series 2013 Senior Lien Warrants or Senior Lien Obligations) have a first priority lien with respect to the right of payment from the General Trust Estate and are additionally secured by funds and amounts held in the Series 2013 Senior Lien Reserve Fund and the Series 2013 Senior Lien Debt Service Fund established under the 2013 Sewer Indenture.

Upon issuance of the Series 2013 Senior Lien Warrants, an irrevocable standby letter of credit (the Series 2013 Senior Lien Reserve Fund Letter of Credit) was issued by JPMorgan Chase Bank National Association (JPMorgan Chase Bank) and delivered to the 2013 Sewer Trustee, as discussed further below.

The Subordinate Lien Sewer Warrants Series 2013-D are Current Interest Warrants, while the Subordinate Lien Sewer Warrants Series 2013-E are Capital Appreciation Warrants and the Subordinate Lien Sewer Warrants Series 2013-F are Convertible Capital Appreciation Warrants.

Capital Appreciation Warrants, by definition, do not pay interest on a current basis to the holders of the Warrants, but they accrete in value over time as provided in the Indenture pursuant to which such obligations are issued. As such, the accrued interest is added to the principal amount outstanding for those warrants. In addition, certain Convertible Capital Appreciation Warrants convert to Current Interest Warrants at a specified date per the Indenture, as described in the table below.

The Capital Appreciation Warrants and Convertible Capital Appreciation Warrants also include compound interest calculated on periodic dates (April 1 and October 1 of each year) and based on the accreted value on such Warrants, until maturity or conversion to current interest warrants, as described in the table below.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

The 2013 Subordinate Lien Sewer Warrants Series 2013-D, Series 2013-E and Series 2013-F (the Series 2013 Subordinate Lien Warrants or Subordinate Lien Obligations) have a second priority lien with respect to the right of payment from the General Trust Estate, subordinate to the Series 2013 Senior Lien Warrants and any additional obligations hereafter issued on parity with the Series 2013 Senior Lien Warrants pursuant to the 2013 Sewer Indenture. The Series 2013 Subordinate Lien Warrants are additionally secured by funds and amounts held in the Series 2013 Subordinate Lien Reserve Fund and the Series 2013 Subordinate Lien Debt Service Fund established under the 2013 Sewer Indenture.

Upon issuance of the Series 2013 Subordinate Lien Warrants, an irrevocable standby letter of credit (the Series 2013 Subordinate Lien Reserve Fund Letter of Credit) was issued by JPMorgan Chase Bank and delivered to the 2013 Sewer Trustee, as discussed further below.

The 2013 Sewer Indenture includes certain covenants and requires the Commission to comply with certain continuing disclosure requirements pursuant to Rule 15c2-12 of the Securities and Exchange Commission as discussed further below.

GOVERNMENTAL ACTIVITIES

General Obligation Refunding Warrants

In 2018, the Commission issued two series of refunding warrants under the Trust Indenture dated May 1, 2018 (2018 Trust Indenture), between Jefferson County, Alabama, and Wilmington Trust, National Association, as Trustee. The first series of refunding warrants, Series 2018-A, were issued for the purpose of refunding the General Obligation Warrants, Series 2003-A and 2004-A, and the Lease Revenue Warrants, Series 2006. The General Obligation Warrants, Series 2003-A and 2004-A, and the Lease Revenue Warrants, Series 2006, were defeased on May 31, 2018, and fully redeemed pursuant to their terms on July 2, 2018.

The second series of refunding warrants, Series 2018-B, were issued for the purpose of partially refunding the General Obligation Warrants, Series 2013-A and 2013-C. The General Obligation Warrants, Series 2013-A and 2013-C, were partially defeased on September 17, 2018, and partially redeemed pursuant to their terms on December 3, 2018. The remaining outstanding Series 2013-A and Series 2013-C Warrants matured pursuant to their terms on April 1, 2019.

The Series 2018-A current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old warrants of \$2,936, which is presented as a deferred inflow of resources on the statement of net position, net of accumulated amortization of \$1,180. The deferred inflow is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the new debt.

The Series 2018-B current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old warrants (\$685), which is presented as a deferred inflow of resources on the statement of net position, net of accumulated amortization of \$548. The amount is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the new debt.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

The warrants issued under the 2018 Trust Indenture are general obligations of the Commission for the payment of which its full faith and credit is pledged. Payment of the warrants is secured by a pledge and assignment of the Trust Estate established under the 2018 Trust Indenture, which includes money in the funds and accounts designated as “Indenture Funds” under the 2018 Trust Indenture.

The 2018 Trust Indenture includes certain covenants and requires the Commission to comply with certain continuing disclosure requirements pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as discussed further below.

Limited Obligation Refunding Warrants

In 2017, the Commission issued refunding warrants under the Trust Indenture dated July 1, 2017 (2017 Trust Indenture), between Jefferson County, Alabama and Regions Bank, as Trustee, for the purpose of refunding the outstanding Limited Obligation School Warrants, Series 2004-A and Series 2005-A. The Limited Obligation School Warrants, Series 2005-B were fully redeemed pursuant to their terms on March 1, 2017.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old warrants of \$11,834, which is presented as a deferred inflow of resources on the statement of net position, net of accumulated amortization of \$4,889. The deferred inflow is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the new debt.

The warrants issued under the 2017 Trust Indenture are not general obligations of the Commission, but represent limited obligations of the Commission, payable solely out of the Trust Estate established under the 2017 Trust Indenture which includes a pledge of the gross proceeds of a new one cent Special Revenue Sales and Use Tax. Payment of the principal and interest on the warrants when due is secured on an equal and proportionate basis by the Trust Estate.

The 2017 Trust Indenture includes certain covenants and requires the Commission to comply with certain continuing disclosure requirements pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as discussed further below.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

Warrants payable consist of the following at September 30, 2020:

Business-Type Activities:

Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A, with interest paid semiannually at fixed rates ranging from 5.00% to 5.50% and principal payments due from October 1, 2044 to 2053	\$395,005
Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B, with interest accreting and compounding semiannually at fixed rates of 5.625% to 6.625% to maturity, with accreted value (principal and interest) payments due from October 1, 2026 to 2036	84,117
Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C, with interest compounding semiannually at fixed rates of 6.50% to 6.90% to October 1, 2023, and thereafter interest paid semiannually with accreted value payments (principal and interest) due from October 1, 2038 to 2050	234,900
Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D, with interest paid semiannually at fixed rates ranging from 5.00% to 7.00% and principal payments due from October 1, 2017 to 2053	774,075
Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E, with interest accreting and compounding semiannually at fixed rates of 7.50% to 8.00% to maturity, with accreted value (principal and interest) payments due from October 1, 2029 to 2036	84,907
Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F, with interest accreting and compounding semiannually at fixed rates of 7.50% to 7.90% to October 1, 2023, and thereafter interest paid semiannually with accreted value payments (principal and interest) due from October 1, 2037 to 2050	545,938
Hallmark Cooperative District Capital Improvement Bond Series 2019, with interest paid quarterly at fixed rates ranging from 3.00% to 3.80% and principal payments due from July 1, 2021 to April 1, 2034	<u>13,000</u>
Total – Business-Type Activities	<u><u>2,131,942</u></u>

Governmental Activities:

Limited Obligation Refunding Warrants, Series 2017, with interest paid semiannually at fixed rates ranging from 3.00% to 5.00% and annual principal payments through 2037	309,080
General Obligation Refunding Warrants, Series 2018-A, with interest paid semiannually at fixed rates ranging from 4.00% to 5.00% and annual principal payments through 2026	92,840
General Obligation Refunding Warrants, Series 2018-B, with interest paid semiannually at fixed rates ranging from 4.00% to 5.00% and annual principal payments through 2021	<u>13,470</u>
Total – Governmental Activities	<u>415,390</u>
	2,547,332
Less unamortized net discount (premiums) (net of current portion net premium of \$4,420)	(6,044)
Less principal amounts due within one year	<u>34,768</u>
Warrants Payable – Noncurrent, Net	<u><u>\$2,518,608</u></u>

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

The following is a summary of the warrants that are authorized or outstanding for the Commission as of September 30, 2020.

BUSINESS-TYPE ACTIVITIES

2013 Sewer Warrants

Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A (Series 2013-A Warrants)

The Commission issued \$395,005 of tax-exempt Series 2013-A Warrants under the 2013 Sewer Indenture on December 3, 2013. The Series 2013-A Warrants were issued in the form of current interest obligations with interest payable semiannually at fixed rates on April 1 and October 1 of each year to maturity on October 1, 2053.

The Series 2013-A Warrants are subject to redemption at the option of the Commission on or after October 1, 2023, and mature or are subject to mandatory redemption periodically in fiscal years 2044 through 2054. The Series 2013-A Warrants are insured by AGM pursuant to a bond insurance policy issued simultaneously with the Warrants. The policy covers principal and interest that is due but unpaid by the Commission for the Series 2013-A Warrants. The Series 2013-A Warrants have an outstanding balance of \$395,005 at September 30, 2020.

Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B (Series 2013-B Warrants)

The Commission issued \$55,000 of tax-exempt Series 2013-B Warrants under the 2013 Sewer Indenture on December 3, 2013. The Series 2013-B Warrants were issued in the form of capital appreciation warrants with interest that accretes and compounds semiannually at fixed rates on April 1 and October 1 of each year to the maturity dates. The accreted value at maturity is \$171,740.

The Series 2013-B Warrants are subject to redemption at their accreted value (principal and interest) at the option of the Commission on or after October 1, 2023 and are subject to mandatory redemption annually on October 1 each year from fiscal year 2026 to 2037. The Series 2013-B Warrants are insured by AGM pursuant to a bond insurance policy issued simultaneously with the Warrants. The policy covers principal and interest (including accretion) that is due but unpaid by the Commission for the Series 2013-B Warrants. The Series 2013-B Warrants have an outstanding balance of \$84,117 at September 30, 2020.

Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C (Series 2013-C Warrants)

The Commission issued \$149,998 of tax-exempt Series 2013-C Warrants under the 2013 Sewer Indenture on December 3, 2013. The Series 2013-C Warrants were issued in the form of capital appreciation obligations that will automatically convert to current interest obligations on October 1, 2023. Interest on the Series 2013-C Warrants accretes and compounds semiannually at fixed rates on April 1 and October 1 of each year to October 1, 2023.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

The accreted interest will be added to the principal balance and the warrants totaling \$286,080 convert to current interest obligations on October 1, 2023. Thereafter, interest on the principal (including accrued interest accretion) is scheduled to be paid semiannually on each April 1 and October 1 to maturity.

The Series 2013-C Warrants are subject to redemption at their accreted value (principal and interest) the option of the Commission on or after October 1, 2023, and mature or are subject to mandatory redemption of accreted values (principal and interest) periodically from fiscal year 2039 to 2051. The Series 2013-C Warrants are insured by AGM pursuant to a bond insurance policy issued simultaneously with the Warrants. The policy covers principal and interest (including accretion) that is due but unpaid by the Commission for the Series 2013-C Warrants. The Series 2013-C Warrants have an outstanding balance of \$234,900 at September 30, 2020.

Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D (Series 2013-D Warrants)

The Commission issued \$810,915 of tax-exempt Series 2013-D Warrants under the 2013 Sewer Indenture on December 3, 2013. The Series 2013-D Warrants were issued in the form of current interest obligations with interest payable semiannually on April 1 and October 1 of each year at fixed rates to October 1, 2053.

The Series 2013-D Warrants are subject to redemption at the option of the Commission on or after October 1, 2023, and mature or are subject to mandatory redemption periodically from fiscal year 2016 to 2054. The Series 2013-D Warrants have an outstanding balance of \$774,075 at September 30, 2020.

Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E (Series 2013-E Warrants)

The Commission issued \$50,271 of tax-exempt Series 2013-E Warrants under the 2013 Sewer Indenture on December 3, 2013. The Series 2013-E Warrants were issued in the form of capital appreciation obligations with interest scheduled to accrete and compound semiannually on April 1 and October 1 of each year at fixed rates to the scheduled maturity dates. The accreted value at maturity is \$222,695.

The Series 2013-E Warrants are subject to redemption at their accreted value (principal and interest) at the option of the Commission on or after October 1, 2023, and are subject to mandatory redemption of accreted value (principal and interest) annually from fiscal year 2029 to 2037. The Series 2013-E Warrants have an outstanding balance of \$ 84,907 at September 30, 2020.

Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F (Series 2013-F Warrants)

The Commission issued \$324,297 of tax-exempt Series 2013-F Warrants under the 2013 Sewer Indenture on December 3, 2013. The Series 2013-F Warrants were issued in the form of capital appreciation obligations that will automatically convert to current interest obligations on October 1, 2023. Interest on the Series 2013-F Warrants accretes and compounds semiannually on April 1 and October 1 of each year at fixed rates to October 1, 2023.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

The accreted interest will be added to the principal balance and the warrants totaling \$686,355 convert to current interest obligations on October 1, 2023. Thereafter, interest on the principal (including interest accretion) is scheduled to be paid semiannually on each April 1 and October 1 to maturity.

The Series 2013-F Warrants are subject to redemption at their accreted value (principal and interest) at the option of the Commission on or after October 1, 2023 and are subject to mandatory redemption of accreted values (principal and accreted interest) periodically from fiscal year 2037 to 2051. The Series 2013-F Warrants have an outstanding balance of \$545,938 at September 30, 2020.

Series 2013 Sewer Warrants – First Supplemental Indenture and Letter of Credit

Upon issuance of the Series 2013 Senior Lien Warrants, an irrevocable standby letter of credit (the Series 2013 Senior Lien Reserve Fund Letter of Credit) issued by JPMorgan Chase Bank was delivered to the 2013 Sewer Trustee. Upon issuance of the Series 2013 Subordinate Lien Warrants, an irrevocable standby letter of credit (the Series 2013 Subordinate Lien Reserve Fund Letter of Credit) issued by JPMorgan Chase Bank was delivered to the 2013 Sewer Trustee.

The Commission entered into a First Supplemental Indenture to the 2013 Sewer Indenture dated December 1, 2013, whereby the Commission authorized the issuance of two series of its sewer revenue warrants: (1) its Senior Lien Reserve Fund Reimbursement Warrants (Series 2013 Senior Lien Reserve Fund Warrants), in a maximum principal amount outstanding at any one time of up to \$60,000 and (2) its Subordinate Lien Reserve Fund Reimbursement Warrants (Series 2013 Subordinate Reserve Fund Warrants) in a maximum principal amount outstanding at any one time of up to \$118,548 (together, the Series 2013 Reserve Fund Warrants).

Upon the occurrence of certain events described in the 2013 Sewer Indenture, the 2013 Sewer Trustee shall deliver to JPMorgan Chase Bank limited obligation warrants pursuant to the First Supplemental Indenture (described above), payable from and secured by the General Trust Estate on parity with the Series 2013 Senior Lien Warrants. Such limited obligation warrants shall evidence the obligation of the Commission to reimburse JPMorgan Chase Bank for draws honored on the Series 2013 Senior Lien Reserve Fund Letter of Credit.

Upon the occurrence of certain events described in the 2013 Sewer Indenture, the 2013 Sewer Trustee, shall deliver to JPMorgan Chase Bank limited obligation warrants pursuant to the First Supplemental Indenture (described above), payable from and secured by the General Trust Estate on parity with the Series 2013 Subordinate Lien Warrants. Such limited obligation warrants shall evidence the obligation of the Commission to reimburse JPMorgan Chase Bank for draws honored on the Series 2013 Subordinate Lien Reserve Fund Letter of Credit.

The Series 2013 Reserve Fund Warrants are current interest obligations and represent additional secured obligations under the 2013 Sewer Indenture. The Series 2013 Reserve Fund Warrants may be issued on or after March 1, 2014, and may not have a maturity date later than March 1, 2054. The Series 2013 Reserve Fund Warrants are authorized but unissued as of September 30, 2020.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

Hallmark Farm Cooperative District of Jefferson County, Alabama and the City of Warrior, Alabama

On April 30, 2019, the Commission entered into a limited funding agreement (Limited Funding Agreement) with the Hallmark Farm Cooperative District of Jefferson County, Alabama and the City of Warrior, Alabama, an Alabama public corporation and the successors and assigns thereof (District) pursuant to which the Commission is the third obligor to make 60 quarterly payments of principal and interest on January 1, April 1, July 1 and October 1 of each year.

The Commission's obligation under the Limited Funding Agreement constitutes a limited obligation payable solely from amounts in the Economic Development Fund of the Commission, which may be reduced by amounts (if any) received by the District from the sale of real estate and from the proceeds of certain sales taxes provided to the District by the City of Warrior, Alabama, and shall not constitute a charge against, or lien upon, the general assets, funds, or revenues of the Commission.

Interest payments made under the Jefferson County Limited Funding agreement began on October 1, 2019, and principal payments will begin on July 1, 2021. The proceeds of the bond will be used to make capital improvements to the District's property, located in Warrior, Alabama. The remaining outstanding principal amount of the obligation as of September 30, 2020, was \$13,000.

GOVERNMENTAL ACTIVITIES

Limited Obligation Refunding Warrants, Series 2017

The Commission issued \$338,925 of tax-exempt Limited Obligation Refunding Warrants, Series 2017 (Series 2017 Warrants) under the 2017 Trust Indenture. The Series 2017 Warrants were issued for the purpose of (i) refunding the Commission's Limited Obligation Series 2004-A and 2005-A Warrants, and (ii) paying the costs of issuance of the Series 2017 Warrants.

The repayment obligations related to the Series 2017 Warrants are secured by a pledge and assignment of (i) the General Trust Estate established under the 2017 Trust Indenture, which includes the Pledged Tax Proceeds and money in the funds and accounts designated as "General Indenture Funds" under the 2017 Trust Indenture, and (ii) the Series 2017 Trust Estate established under the 2017 Trust Indenture, which includes money in the funds and accounts designated as "Series 2017 Indenture Funds" under the Trust Indenture. The Series 2017 Warrants have an outstanding balance of \$309,080 at September 30, 2020.

General Obligation Refunding Warrants, Series 2018-A and 2018-B

The Commission issued \$138,175 (\$111,360 for GO Series 2018-A and \$26,815 for GO Series 2018-B) of tax-exempt General Obligation Refunding Warrants, Series 2018-A and 2018-B (GO Series 2018-A and 2018-B Warrants) under the 2018 Trust Indenture.

The GO Series 2018-A Warrants were issued for the purpose of (i) refunding the Commission's GO Series 2003-A Warrants, (ii) refunding the Commission's GO Series 2004-A Warrants, (iii) providing funds to redeem and retire the Building Authority's Lease Revenue Series 2006 Warrants and (iv) paying the costs of issuance of the GO Series 2018-A Warrants.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

The GO Series 2018-B Warrants were issued for the purpose of (i) partially refunding the GO Series 2013-A Warrants in the aggregate principal amount of \$13,405, (ii) partially refunding the Commission's GO Series 2013-C Warrants in the aggregate principal amount of \$13,220, and (iii) paying the costs of issuance of the GO Series 2018-B Warrants.

The GO Series 2018-A and 2018-B Warrants are secured by a pledge and assignment of the Trust Estate established under the 2018 Trust Indenture, which includes money in the funds and accounts designated as "Indenture Funds" under the 2018 Trust Indenture. The GO Series 2018-A and 2018-B Warrants have an outstanding balance of \$106,310 (\$92,840 for GO Series 2018-A and \$13,470 for GO Series 2018-B) at September 30, 2020.

Fair Value of Warrants

Business-Type Activities

The estimated fair value for all Sewer Obligation Warrants outstanding of \$2,119,000 based on independent pricing was approximately \$2,511,000 as of September 30, 2020.

Governmental Obligations

The estimated fair value for Governmental Warrants outstanding of \$415,390 (including Limited Obligation Refunding Warrants and General Obligation Refunding Warrants) based on independent pricing was approximately \$485,842 as of September 30, 2020.

There are no liens on the Sewer or Governmental Warrants. Upon the occurrence of an event of default, which would include the failure of the Commission to make timely payments of principle and interest, the Warrant Trustees are empowered to declare the balance of the warrants and accrued interest immediately due and payable and pursue legal action to enforce the terms of the warrant agreements.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

Summary of Warrant Transactions

The following is a summary of warrant transactions for the Commission for the year ended September 30, 2020. Activity related to the long-term debt is as follows:

Warrant Issue	Balance at September 30, 2019	Additions	Accretion	Payments/ Retirements	Balance at September 30, 2020	Due Within One Year
Business Type						
Activities:						
Series 2013-A	\$ 395,005	\$ -	\$ -	\$ -	\$ 395,005	\$ -
Series 2013-B	79,041	-	5,076	-	84,117	-
Series 2013-C	219,963	-	14,937	-	234,900	-
Series 2013-D	774,075	-	-	-	774,075	-
Series 2013-E	78,632	-	6,275	-	84,907	-
Series 2013-F	505,839	-	40,099	-	545,938	-
Direct Placement - Hallmark	-	13,000	-	-	13,000	208
	<u>2,052,555</u>	<u>13,000</u>	<u>66,387</u>	<u>-</u>	<u>2,131,942</u>	<u>208</u>
Governmental Type						
Activities:						
Series 2017 LO Refunding	320,165	-	-	11,085	309,080	11,640
Series 2018 GO Refunding	128,195	-	-	21,885	106,310	22,920
	<u>448,360</u>	<u>-</u>	<u>-</u>	<u>32,970</u>	<u>415,390</u>	<u>34,560</u>
	<u>\$ 2,500,915</u>	<u>\$ 13,000</u>	<u>\$ 66,387</u>	<u>\$ 32,970</u>	<u>\$ 2,547,332</u>	<u>\$ 34,768</u>

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

Maturity Schedules

The following is a schedule of debt service requirements for the outstanding warrants to maturity, under the original principal (including accretion) payments and interest terms as specified in the various indentures.

Fiscal Year Ending September 30	Business-Type Activities			Governmental Activities	
	Principal	Interest	Future Interest Accretion	Principal	Interest
2021	\$ 208	\$ 70,760	\$ 71,414	\$ 34,560	\$ 20,079
2022	9,584	70,521	76,813	30,360	18,351
2023	11,844	70,001	82,638	31,835	16,878
2024	15,670	105,575	15,046	33,425	15,285
2025	917	141,128	16,146	26,880	13,614
2026-2030	50,574	706,661	88,862	95,210	50,886
2031-2035	92,856	705,872	63,077	104,080	27,928
2036-2040	285,928	672,911	3,013	54,805	4,737
2041-2045	351,365	546,155	-	4,235	255
2046-2050	509,936	387,530	-	-	-
2051-2054	803,060	110,785	-	-	-
	<u>\$ 2,131,942</u>	<u>\$ 3,587,899</u>	<u>\$ 417,009</u>	<u>\$ 415,390</u>	<u>\$ 168,013</u>

Total Principal, Interest and Accretions Requirements to Maturity					
	Principal	Interest	Total Principal and Interest	Future Interest Accretion	Total Debt Service
2021	\$ 34,768	\$ 90,839	\$ 125,607	\$ 71,414	\$ 197,021
2022	39,944	88,872	128,816	76,813	205,629
2023	43,679	86,879	130,558	82,638	213,196
2024	49,095	120,860	169,955	15,046	185,001
2025	27,797	155,035	182,832	16,146	198,978
2026-2030	145,784	757,547	903,331	88,862	992,193
2031-2035	196,936	733,800	930,736	63,077	993,813
2036-2040	340,733	667,648	1,018,381	3,013	1,021,394
2041-2045	355,600	546,410	902,010	-	902,010
2046-2050	509,936	387,530	897,466	-	897,466
2051-2054	803,060	110,785	913,845	-	913,845
	<u>\$ 2,547,332</u>	<u>\$ 3,746,205</u>	<u>\$ 6,303,537</u>	<u>\$ 417,009</u>	<u>\$ 6,720,546</u>

Note: The table above includes amounts related to direct placement debt obligations issued by the Hallmark Farm Cooperative District of Jefferson County, Alabama and the City of Warrior, Alabama, which were considered immaterial for separate disclosure of debt service requirements.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

Warrant Insurance Costs, Premiums and Discounts

The Commission has warrant issuance costs and premiums and discounts, in connection with the issuance of its warrants. Warrant issuance costs other than bond insurance premiums are expensed as incurred. Bond insurance costs and premiums and discounts are being amortized using the straight-line method. The balances and activities for these accounts are as follows:

	Bond Insurance Costs	Premium (Discounts) Net
Business-Type Activities:		
Total net premiums (discounts) and bond insurance costs	\$ 37,060	\$ (36,543)
Accreted (amortized), net in prior years	(5,530)	5,462
	31,530	(31,081)
Current year (amortization) accretion, net	(1,055)	1,035
	30,475	(30,046)
Governmental Activities:		
Total net premiums (discounts) and bond insurance costs	12,424	51,348
Accreted (amortized), net in prior years	(9,894)	(45,310)
	2,530	6,038
Previous additions net premiums (discounts) and bond insurance costs	-	58,273
Previous retirements net premiums (discount) and bond insurance costs	(2,530)	(17,635)
Current year (amortization) accretion, net	-	(6,166)
	-	40,510
Commission Totals:		
Total net premiums (discounts) and bond insurance costs	49,484	14,805
Accreted (amortized), net in prior years	(15,424)	(39,848)
	34,060	(25,043)
Previous additions, net premiums (discounts) and bond insurance costs	-	58,273
Previous retirements net premiums (discount) and bond insurance costs	(2,530)	(17,635)
Current year (amortization) accretion, net	(1,055)	(5,131)
	\$ 30,475	\$ 10,464

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

Restricted Accounts

Business-Type Activities

In accordance with the 2013 Sewer Indenture, the Commission established certain restricted revenue, capital improvement and related funds. All such funds are part of the General Trust Estate and are held and managed by the 2013 Sewer Trustee for the sole benefit of the holders of the Series 2013 Sewer Warrants.

The Revenue Fund was established for the deposit of all sewer system revenues and disbursement for authorized transactions (per the 2013 Sewer Indenture) including deposits to the Series 2013 Debt Service Funds, trustee and other fees, operating expenses for the sewer system, Reserve Fund deposits and requests for withdrawals by the Commission for rebate liability or amounts due for unsecured obligations, with any remaining amounts deposited to the Capital Improvement Fund.

The Series 2013 Debt Service Funds were established for monthly deposits of principal and interest amounts due on the Senior Lien and Subordinate Lien Series 2013 Sewer Warrants by the 2013 Sewer Trustee and disbursements when such payments are due.

The Series 2013 Reserve Funds were established for the irrevocable standby letters of credit that were issued by JPMorgan Chase Bank for the Series 2013 Reserve Funds, as discussed further above.

The Capital Improvement Fund was established for funds held on deposit and for capital improvements for the sewer systems. The 2013 Sewer Trustee deposits any excess funds after all debt service, operating expenses, other fees and expenses and reserve fund requirements are met into the Capital Improvement Fund. If no 2013 Sewer Indenture default exists, the Commission may withdraw funds from the Capital Improvement Fund for the costs of capital improvements to the sewer systems or for the optional purchase or tender of outstanding or callable 2013 Sewer Revenue Warrants. Under the terms of the 2013 Sewer Indenture, amounts on deposit in the Capital Improvement Fund may also be used to pay debt service or operating expenses if the amounts on deposit in the Series 2013 Debt Service Funds or the Operating Account are insufficient to pay debt service or operating expenses when needed.

The Series 2013 Debt Service Funds were established for monthly deposits of principal and interest amounts due on the Senior Lien and Subordinate Lien Series 2013 Sewer Warrants by the 2013 Sewer Trustee and disbursements when such payments are due. The Series 2013 Senior Lien Debt Service Fund and Series 2013 Subordinate Lien Debt Service Fund are held and managed by the 2013 Sewer Trustee for the benefit of the holders of the Series 2013 Senior Lien Sewer Warrants and the Series 2013 Subordinate Lien Sewer Warrants, respectively, as discussed further above.

All debt service, reserve and capital improvement funds are recorded as restricted cash or investments for the purposes set forth in the warrant documents.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

Governmental Activities

The proceeds from some warrant issues were placed in an escrow account to be disbursed based on approved expenditures. Remaining balances are recorded as restricted cash or investments for the purposes set forth in the warrant documents. The terms of certain warrant agreements require funds to be deposited in debt service accounts pending payment to the Trustee. Such accounts are reported as restricted cash and investments. See Note D for a summary of the restricted funds and related cash and investments held at year end.

Continuing Disclosures

The Commission is required to provide certain continuing disclosures with respect to certain Trust Indentures and warrants outstanding in accordance with Rule 15c2-12 of the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934. Certain Trust Indentures require the Commission to enter into Disclosure Dissemination Agent Agreements (each a Continuing Disclosure Agreement) with Digital Assurance Certification, LLC (DAC) with respect to each applicable warrant series. Under the Continuing Disclosure Agreements, the Commission has covenanted for the benefit of the beneficial holders of certain warrants under the various indentures to provide certain quarterly or annual financial information and operating data relating to the Commission and to provide notices of certain enumerated events.

The Continuing Disclosure Agreements require sanitary sewer system quarterly statements from the Commission within 90 days after the end of a quarter, an Annual Report and Certification of compliance by the Chief Financial Officer of the Commission or their designee, Audited Financial Statements within 270 days after the end of each fiscal year, material event notices and any voluntary event or financial disclosures.

Material event notices are required for events with respect to the related warrants as enumerated in Rule 15c2-12.

The financial and other information is required to be provided through the Electronic Municipal Market Access (EMMA) system established by the Municipal Securities Rulemaking Board (MSRB), as the central repository for ongoing disclosures by municipal issuers, as designated by the Securities and Exchange Commission.

Debt Covenants

Business-Type Activities

The 2013 Sewer Indenture includes certain representations and covenants covering inspection of records, encumbrances, payment of secured obligations, advances by 2013 Sewer Trustee, transfer of sewer system, compliance with tax certificate and agreement and general covenants regarding ownership and operation of the sewer system.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

The covenants regarding ownership and operation of the sewer system require maintenance and efficient operation, preservation of priority of pledge and assignment of the System Revenues imposed by the 2013 Sewer Indenture, prohibit any additional liens on System Revenues, limit any disposition of portions of the sewer system, require annual budgets, maintenance of books and records, preparation of annual budgets, an annual audit (completed within 270 days of the fiscal year end), maintenance of insurance and maintenance of rates, among other items.

Compliance with Rate Resolution

Maintenance of rates requires compliance with the Rate Resolution, as approved and adopted by the Commission on September 23, 2013. The Rate Resolution sets forth the existing approved rate structure for the Jefferson County sewer system including rates, charges and fees for users (user charges) of the sewer system. The Rate Resolution also includes modifications to such user charges effective November 1, 2013, and annually thereafter through the remaining term of the 2013 Sewer Warrants.

The Commission implemented the October 1, 2020, sewer user charge increases in accordance with the Rate Resolution. (Also see Note S).

Required Coverage Ratios

The 2013 Sewer Indenture also requires the Commission to comply with the Required Coverage Ratios. The Commission must satisfy both ratios in order to be in compliance with the Required Coverage Ratios.

Senior Debt Ratio – Net Revenues for the fiscal year must be not less than 125% of debt service requirements on Senior Lien Obligations payable during such fiscal year.

All-In Debt Ratio – Net Revenues for the fiscal year must be not less than 110% of debt service requirements on all Secured Obligations payable during such fiscal year.

Net Revenues is defined in the 2013 Sewer Indenture as the excess of System Revenues, income and gains from the Sewer System over expenses (including Operating Expenses to the extent in excess of Sewer Tax Proceeds) and losses from the Sewer System for the fiscal year, but excluding debt service paid on all Secured Obligations, amounts payable on unsecured obligations, expenditures for capital improvements, depreciation and amortization, unrealized gains or losses on investments and other non-cash expenses and customer security deposits.

If the results of operations for the Sewer System for any fiscal year fail to comply with the Required Coverage Ratios, within 90 days after the beginning of the following fiscal year, the Commission shall deliver to the 2013 Sewer Trustee a revised schedule of rates and charges for Sewer System services, duly adopted by the Commission, a forecast of results of operations for the then current fiscal year, and a certificate of the Commission's Management stating that after consideration of the changes implemented, the Commission reasonably expects in good faith to be in compliance with the Required Coverage Ratios as of the end of such fiscal year.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

If the results of operations for the Sewer System fail to comply with the Required Coverage Ratios in the succeeding fiscal year, within 60 days after the beginning of the following fiscal year, the Commission shall retain an independent consultant to recommend a revised schedule of rates and charges for the Sewer System services and other actions to improve the results of operations for the Sewer System in accordance with the specified procedures included in the 2013 Sewer Indenture.

If the Commission undertakes the remedial action required by Section 10.9(b) and (c) of the 2013 Sewer Indenture, the failure to achieve the Required Coverage Ratios in such fiscal year shall not constitute an Indenture Default provided there are no payment defaults. The failure to achieve the Required Coverage Ratios in two consecutive fiscal years shall not constitute an Indenture Default if the Commission demonstrates compliance with the Required Coverage Ratios by substituting 115% for 125% in the ratio applicable to Senior Lien Obligations; otherwise the failure to achieve the Required Coverage Ratios shall constitute a default.

The Commission was in compliance with the Required Coverage Ratios for fiscal year ended September 30, 2020.

Accrued Arbitrage Rebate

Sections 148(f)(2) and 1.148-1 to 11 of the Internal Revenue Code of 1986, as amended, require any entity issuing tax-exempt warrants to have computations of potential rebate amounts for investment earnings in excess of prescribed allowed amounts for tax-exempt warrants proceeds that have not been expended. As such, any remaining invested funds for the tax-exempt warrants for the Commission described above may be subject to arbitrage rebate.

The Commission has periodic arbitrage rebate calculations performed on tax-exempt warrants and accrues arbitrage rebates based on those calculations.

If there are arbitrage rebates payable, the Commission is required to make installment payments in an amount equal to 90 percent of any arbitrage rebate within 60 days of a rebate computation date, which is the end of the fifth bond year and each five-year period thereafter to the Internal Revenue Service (IRS). In addition, certain exceptions may apply that may limit the rebate amount, and special rules exist relating to retired warrant issues.

There were no accrued arbitrage rebates as of September 30, 2020.

Municipal Bond Insurance Policy

Concurrent with the issuance of the warrants, AGM issued a municipal bond (warrant) insurance policy for certain revenue warrants as discussed above.

The insurance policy unconditionally guarantees the payment of that portion of the principal (including accretion of interest) and current interest on the warrants, which becomes due and is unpaid by reason of nonpayment by Jefferson County, Alabama. The insurance policy is noncancelable, and the premium was fully paid at the time of delivery of the warrants.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE J - LONG-TERM DEBT – CONTINUED

The insurance policy covers failure to pay principal of said warrants on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption and covers failure to pay an installment of interest on the stated date for its payment. However, the policy may not require payments of principal due under accelerated payment schedules if or when optional tender features are exercised.

Generally, in connection with its insurance of an issue of municipal securities, the insurance company requires, among other things, that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without the insurance company's consent, so long as the insurance company has not failed to comply with its payment obligations under its insurance policy and that any amendment or supplement to or other modification of the principal legal documents be subject to the insurance company's consent.

Subsequent Events

Events subsequent to year end that may impact the warrants payable are discussed in Note S.

BJCC COMMITMENT

On July 17, 2018, the Commission entered into a funding agreement (Funding Agreement) with the Birmingham-Jefferson Civic Center Authority (BJCC) pursuant to which the Commission is obligated to make 60 semi-annual contributions of \$500 on June 20 and December 20 of each year beginning on December 20, 2018. The Commission's obligation to make such contributions under the funding agreement is a general obligation of the Commission for which the Commission's full faith and credit are pledged. The Commission's semi-annual contributions are pledged and assigned by the BJCC for payment of debt service on its \$17,810 Revenue Bonds (Jefferson County Funding), Series 2018E. The proceeds of such bonds will be used to finance improvements to the BJCC's civic center complex and to pay costs of issuance of the bonds. The remaining outstanding principal amount of the general obligation as of September 30, 2020, was \$28,000.

Maturities of the BJCC commitment subsequent to September 30, 2020, are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2021	\$ 354	\$ 646	\$ 1,000
2022	366	634	1,000
2023	379	621	1,000
2024	394	606	1,000
2025	409	591	1,000
Thereafter	15,243	7,757	23,000
	<u>\$ 17,145</u>	<u>\$ 10,855</u>	<u>\$ 28,000</u>

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
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NOTE K - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

The General Retirement System for Employees of Jefferson County, Alabama (the Retirement System) is the administrator of a single-employer, defined benefit pension plan (the Pension Plan) covering substantially all employees of Jefferson County, Alabama. The Retirement System was established by Act Number 497, Acts of Alabama 1965, page 717, as amended, and provides guidelines for benefits to retired and disabled employees of the Commission. The responsibility for making effective the provisions of Act 497 is vested in the Pension Board, which consists of five members.

The Pension Plan's financial statements are publicly available in the annual report of the General Retirement System for Employees of Jefferson County, Alabama for the year ended September 30, 2020. The report may be reviewed at the Jefferson County Courthouse, Room 430, Birmingham, Alabama.

Plan membership is mandatory for all classified full-time civil service employees upon commencement of employment. Employees whose employment is not subject to the civil service system or those who are officers may elect to join. At September 30, 2019, the Measurement Date, membership in the Pension Plan consisted of the following:

Retired participants and beneficiaries currently receiving benefits	2,432
Terminated participants and beneficiaries entitled to but not yet receiving benefits	112
Terminated participants entitled to a refund of contributions	42
Active participants	<u>2,608</u>
	<u><u>5,194</u></u>

Benefits Provided

Plan benefits are determined by various criteria including, but not limited to, age, years of service and basic average salary. Basic average salary is defined as the average salary for the highest consecutive 36-month period of employment, excluding overtime and longevity pay. Benefits are limited to a maximum of 75% of a member's basic average salary and vest after 10 years of paid service. Benefits are received in monthly payments over the remaining life of the member. Vested members, upon termination, for reasons other than retirement, death or disability, may elect to forego monthly benefit payments and receive a one-time payment of their retirement contributions and related interest.

Benefits may be received under the following conditions:

Normal Retirement – A member may retire upon reaching age 55 with a total of 30 years of service of which at least 20 years are paid membership time with Jefferson County, or the member may retire regardless of age after completing 30 years of paid membership time with Jefferson

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
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NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

County. Otherwise, the member must have attained age 60 with a minimum of 10 years of paid service.

Early Retirement – Any member who has completed 30 years of service, including 10 years of paid membership service, may elect to receive a regular early retirement benefit reduced by a percentage according to the member’s age on the birthday preceding retirement. Any member who has completed 25 years of paid membership service may elect to receive a 25-year early retirement benefit reduced by 7% for each year less than 30 years of paid membership.

Contributions

Employees of the Commission are required by statute to contribute 6% of their gross salary to the Pension Plan. The Commission is required to contribute amounts equal to participant contributions. The Plan also receives from the Commission a percentage of the proceeds from the sale of pistol permits.

Contributions from the Commission were \$8,710 for the year ended September 30, 2020, equaling approximately 6% of payroll of covered participants.

Actuarial Dates

Accounting standards require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date: September 30, 2019
Measurement Date: September 30, 2019
Reporting Date: September 30, 2020

Actuarial Assumptions

The total pension liability as of September 30, 2019, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized below:

	<u>Rate</u>
Inflation	2.75%
Salary increases	4.25% - 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Headcount-weighted Mortality Table for General Employees Below Median and projected generationally with scale MP-2018, adjusted by 105% for males and 110% for females for the period after service retirement and for dependent beneficiaries. The Pub-2010 Mortality Table for Non-Safety Disabled Retirees projected generationally with

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
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NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

projection scale MP-2018, adjusted by 105% for males and 110% for females was used for the period after disability retirement.

The actuarial assumptions used in the September 30, 2020 valuation were based on the results of an actuarial experience study for the period October 1, 2013 through September 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability at September 30, 2019, was the long-term rate of return, 7%. The projection of cash flows used to determine the discount rate assumed that member contributions and employer contributions will be made at the current contribution rates. Projected future benefit payments for all current plan members were projected through the year in which the last benefit payment will be made. Based on those assumptions, the Pension Plan'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 pension investments was applied to all periods of projected benefit payments to determine the total pension liability, and a municipal bond rate was not used in determining the discount rate.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), were developed for each major asset class. These ranges were 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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity-Large Cap	35.00%	8.4%
US Equity-Small/Mid Cap	15.00%	8.4%
International Equity	10.00%	8.9%
Domestic Fixed	25.00%	4.0%
International Fixed	5.00%	3.8%
Hedge Fund of Funds	5.00%	5.8%
Real Estate	5.00%	6.8%

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

Changes in the Net Pension (Asset) Liability

	Total Pension Liability (A)	Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) – (B)
Balances at September 30, 2018	\$ 1,045,752	\$ 1,232,533	\$ (186,781)
Service cost	22,859	-	22,859
Interest cost	70,863	-	70,863
Difference between expected and actual experience	(477)	-	(477)
Changes of assumptions	(6,178)	-	(6,178)
Contributions – employer	-	8,710	(8,710)
Contributions – employee	-	8,677	(8,677)
Net investment income	-	31,930	(31,930)
Benefit payments, including refunds of member contributions	(66,845)	(66,845)	-
Administrative expense	-	(1,648)	1,648
Other changes	-	380	(380)
Net changes	<u>20,222</u>	<u>(18,796)</u>	<u>39,018</u>
Balances at September 30, 2019	<u>\$ 1,065,974</u>	<u>\$ 1,213,737</u>	<u>\$ (147,763)</u>

The table above includes changes in the net pension (asset) liability of the Personnel Board Fund, which is reported as an agency fund of the Commission. The net pension asset for this agency fund was \$7,409 at the beginning of the fiscal year and \$5,675 at the end of the fiscal year.

September 30, 2019 is the actuarial valuation date upon which the total pension liability is based. An expected total pension liability is determined as of September 30, 2019, using standard roll-forward techniques. The difference between the expected total pension liability and the actual total pension liability as of September 30, 2019, before reflecting any assumption changes is reflected as an experience gain or loss for the year.

There was no change in the actuarial assumptions or benefit terms that affected the measurement of the net pension (asset) liability since the prior measurement date.

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following information presents the net pension (asset) liability calculated using the discount rate of 7%, as well as what the net pension (asset) liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net Pension (Asset) Liability	\$ (35,063)	\$ (147,763)	\$ (243,680)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the Commission recognized pension expense (income) of \$1,097. Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive Pension Plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. At September 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,873
Changes in assumptions	-	4,805
Net differences between projected and actual earnings on plan investments	-	9,144
Employer contributions subsequent to the measurement date	8,742	-
Total	\$ 8,742	\$ 19,822

Reported amounts in the table above include deferred outflows of \$335 and deferred inflows of \$762 related to the Personnel Board Fund, which is reported as an agency fund of the Commission.

Deferred outflows of resources related to pensions of \$8,742 resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the year ending September 30, 2021.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

Other than the deferred outflows resulting from the Commission’s contributions subsequent to the measurement date, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (18,334)
2022	(10,835)
2023	(430)
2024	<u>9,777</u>
	<u>\$ (19,822)</u>

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Commission sponsors a single-employer postretirement welfare benefit plan (OPEB Plan) in accordance with a resolution first approved by the Commission on September 25, 1990 and approved annually thereafter. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The OPEB Plan does not issue a stand-alone financial report. Retirees and employees are not required to contribute to the OPEB Plan. The Commission subsidizes a portion of the retiree’s health care insurance premiums based on the total years of service and age at retirement. The Commission’s subsidy for each covered retired employee ranges from \$209 to \$1,807 per month, and total insurance premiums range from \$726 to \$2,165 per month. The OPEB Plan provides for medical insurance coverage to eligible retirees and their dependents as indicated below:

Benefits are generally available at the earliest of the following:

1. Age 60 and completion of 10 years of paid membership service,
2. 30 years of paid membership service or
3. Age 55 with 30 years of service of which 20 must be paid membership service.

Eligibility: Subject to the operative terms and provisions of the OPEB Plan, an individual is eligible who: (a) has not reached age 65, (b) is vested and thus entitled to receive, either currently or in the future, a retirement benefit and (c) is covered by the Jefferson County active employee group health insurance plan for hospital, physician, major medical and prescription drug benefits immediately before the date the retirement benefit becomes payable or, for an employee who is involuntarily retired and is covered by the Jefferson County active employee group health insurance plan as of the employee’s date of separation from employment.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Regardless of any operative terms or provisions of the OPEB Plan, (a) an individual who is eligible for Medicare enrollment on the date he or she is eligible to receive a retirement benefit shall be ineligible for OPEB Plan enrollment as an eligible retiree (but such individual shall be treated as an eligible employee solely for the purposes of OPEB Plan enrollment of eligible dependents) and (b) an eligible retiree’s OPEB Plan coverage shall terminate if he or she becomes eligible for Medicare enrollment.

Eligible Dependent Coverage: Subject to the operative terms and provisions of the OPEB Plan, an eligible retiree who is himself or herself eligible for OPEB Plan coverage may enroll each eligible dependent of his or hers. However, an eligible dependent will be ineligible for OPEB Plan enrollment if he or she has reached age 65 or is eligible for Medicare enrollment on the date he or she otherwise would be eligible for OPEB Plan enrollment as an eligible dependent.

Benefit Types: Medical and prescription drug benefits are provided to all eligible retirees. Dependents of eligible retirees are granted the same benefits as the retiree. OPEB benefits include postemployment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are not offered as part of a pension plan; and long-term disability insurance for employees.

The total cost of providing postemployment benefits is projected by taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends and other actuarial assumptions.

The total OPEB liability is measured as the portion of the present value of projected benefit payments that is attributable to past periods of employee service.

At September 30, 2018, the Valuation Date, membership in the OPEB Plan consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	405
Inactive members entitled to but not yet receiving benefits	-
Active employees	<u>2,598</u>
	<u>3,003</u>

During the year ended September 30, 2020, the Commission paid \$4,623 for OPEB benefits as they came due.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Total OPEB Liability

The Commission's total OPEB liability (TOL) of \$121,814 was measured as of September 30, 2019 and was determined by an actuarial valuation as of September 30, 2018.

Actuarial assumptions and other inputs. The TOL in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	3.25%
Real wage growth	1%
Wage inflation	4.25%
Salary increases	4.25% - 7.25%, including inflation
Municipal Bond index rate	
Prior measurement date	4.18%
Measurement date	2.66%
Health care cost trend rates	
Pre-Medicare	7.25% for 2018, decreasing to an ultimate rate of 4.75% by 2028

The discount rate was based on the September average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Mortality rates for active employees were based on the sex distinct RP-2000 Employee Mortality Table. Post-retirement mortality rates were based on the sex distinct RP-2000 Combined Mortality Table projected with Scale AA from 2000, set forward one year for males. Special rates are used for the period after disability retirement.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal and salary increases used in the September 30, 2018 valuation were based on the experience investigation for the five-year period ending September 30, 2009, used on the Pension Plan and adopted by the Pension Board on April 28, 2010.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rates of plan participation, rates of plan election, etc.) used in the September 30, 2018 valuation were based on a review of recent plan experience done concurrently with the September 30, 2018 valuation.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Changes in the Total OPEB Liability

Changes in the total OPEB liability (TOL) are as follows:

	Total OPEB Liability
Balance at September 30, 2018	\$ 102,689
Changes for the year:	
Service cost	4,304
Interest	4,182
Change in benefit terms	-
Differences between expected and actual experience	596
Changes in assumptions or other inputs	15,363
Benefit payments	(5,320)
Net changes	19,125
Balance at September 30, 2019	\$ 121,814

The table above includes changes in the TOL of the Emergency Agency Fund and the Personnel Board Fund, which are reported as agency funds of the Commission. The TOL for these agency funds was \$26 and \$1,411, respectively, at the beginning of the fiscal year and \$35 and \$1,816, respectively, at the end of the fiscal year.

The Commission does not have a special funding situation with respect to the OPEB plan.

The TOL is based upon an actuarial valuation performed as of the Valuation Date, September 30, 2018. An expected TOL is determined as of September 30, 2019, the Measurement Date, using standard roll forward techniques. The roll forward calculation begins with the TOL, as of the Valuation Date, September 30, 2018, adds the annual Normal Cost (also called the Service Cost), and subtracts expected benefit payments with interest at the Discount Rate for the year.

Changes of assumptions and other inputs reflect a change in the discount rate from 4.18% to 2.66% due to a change in the municipal bond rate.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following information presents the TOL calculated using the discount rate of 2.66%, as well as what the TOL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB Liability	\$ 133,395	\$ 121,814	\$ 111,423

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following information presents the TOL calculated using the current health care cost trend rate of 7.25%, as well as what the TOL would be if it were calculated using a rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.25%)	Current Health Care Cost Trend Rate (7.25%)	1% Increase (8.25%)
Total OPEB Liability	\$ 108,183	\$ 121,814	\$ 137,904

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the Commission recognized OPEB expense of \$7,551. Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense, they are labeled deferred inflows. If they will increase OPEB expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are amortized over the average expected remaining service life of the active and inactive OPEB Plan members at the beginning of the measurement period. At September 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 514	\$ 10,659
Employer contributions subsequent to the measurement date	4,624	
Changes of assumptions or other inputs	13,238	4,607
Total	\$ 18,376	\$ 15,266

Reported amounts in the table above include deferred outflows of \$279 and deferred inflows of \$231 related to the Personnel Board Fund, which is reported as an agency fund of the Commission.

Deferred outflows of resources related to OPEB of \$4,624 resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the TOL in the year ending September 30, 2020.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Other than the deferred outflows resulting from the Commission’s contributions subsequent to the measurement date, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

2021		\$	(935)
2022			(935)
2023			(935)
2024			(935)
2025			7
Thereafter			2,218
			2,218
		\$	(1,515)

NOTE M - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission maintains a risk management program in order to minimize its exposures to loss. Risk financing for these various exposures is accomplished through the following methods:

- *General and Auto Liability* – Self-insured with an established department to finance losses.
- *Workers’ Compensation* – Self-insured with a retention of \$550, with excess coverage for statutory amounts above the retention covered by commercial insurance.
- *Property Insurance* – Commercial insurance coverage purchased in the maximum amount of \$500,000 per occurrence, except a separate annual aggregate of \$50,000 flood and earthquake, to include the following sublimits: (a) the Commission participates in an Owner Controlled Insurance Program with respect to property in the course of construction, builder’s risks and installation or erection; (b) \$50,000 per occurrence as included in the \$500,000 loss limit subject to the policy terms and conditions; (c) \$5,000 with respect to extra expense; and (d) \$1,000 with respect to transit.
- *Health System and Nursing Home Medical Malpractice and General Liability* – Certain medical professional employees purchase individual insurance protection that is applicable to their Commission employment. The Commission reimburses premiums for medical malpractice – professional liability insurance coverage for those Commission medical professional employees in amounts up to a stated amount per year. The Commission has also purchased professional and general liability insurance with coverage consisting of \$1,000 per occurrence and \$3,000 aggregate.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE M - RISK MANAGEMENT – CONTINUED

- Health Insurance* – Self-insured with excess coverage through a commercial insurance provider. The Commission purchases specific reinsurance coverage with an unlimited benefit for each covered person, subject to a \$250 deductible per covered person. Employees may obtain health care services through participation in the Commission’s group health insurance plan. Risk management administers health insurance and negotiates with private providers to provide health, life, accidental death and dismemberment, vision and dental insurances for its employees and dependents. The Commission pays approximately 75 percent of health and 100 percent of basic life and accidental death and dismemberment, and the employees pay 100 percent of dental and vision insurance and other voluntary insurance plans. The Commission’s risk financing activities associated with the Commission group health insurance, such as the risks of loss related to medical and prescription drug claims, are administered through third parties on a paid-claims basis.

For the year ended September 30, 2020, changes in the claims liabilities for the general, auto and workers’ compensation self-insured activities for the Commission are as follows:

	<u>General Liability</u>	<u>Auto Liability</u>	<u>Workers’ Compensation</u>	<u>Totals</u>
Unpaid claims and claim adjustment expenses:				
Accrual at beginning of fiscal year	\$ 728	\$ 43	\$ 5,645	\$ 6,416
Incurred claims and claim adjustment expenses:				
Provision for insured events of current fiscal year	381	30	2,606	3,017
Increases/decreases in provision for insured events of prior fiscal years	74	1	(819)	(744)
Total incurred claims and claim adjustment expenses	455	31	1,787	2,273
Payments:				
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(300)	(18)	(651)	(969)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	(23)	(7)	-	(30)
Total payments	(323)	(25)	(651)	(999)
Accrual at end of fiscal year	<u>\$ 860</u>	<u>\$ 49</u>	<u>\$ 6,781</u>	<u>\$ 7,690</u>

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE M - RISK MANAGEMENT – CONTINUED

For the year ended September 30, 2020, changes in the claims liabilities for the health self-insured activities for the Commission are as follows:

Balance September 30, 2019	Claims Incurred	Claims Paid	Increase/ Decrease in Liability	Balance September 30, 2020
\$ 1,809	\$ 24,795	\$ (24,800)	\$ (5)	\$ 1,804

NOTE N - JEFFERSON COUNTY ECONOMIC AND INDUSTRIAL DEVELOPMENT AUTHORITY

The Jefferson County Economic and Industrial Development Authority (the Development Authority) is considered a blended component unit of the Commission. The financial position and results of operations of the Development Authority have been included in the accompanying financial statements as a nonmajor enterprise fund with any significant interfund activity being eliminated. At September 30, 2020, the Development Authority was indebted to the Commission in the amount of approximately \$29,351, which is presented as advances due to/from other funds in the accompanying statement of net position. This amount is eliminated in the government-wide statement of net position.

NOTE O - TAX ABATEMENTS

The Commission enters into property tax abatement agreements with local businesses under the Tax Incentive Reform Act of 1992, Section 40-9B-1 et seq., of the Code of Alabama (1975). Under the Act, localities may grant property tax abatements on up to \$3,000 of the assessed value of capital additions on a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. Additionally, the businesses may receive exemptions for non-educational sales taxes for construction transactions in expansion of business facilities at the point of sale.

The abatements may be granted to any business located within or promising to relocate to the County. For the fiscal year ended September 30, 2020, the Commission abated property taxes totaling \$3,360 under this program.

The County also is subject to tax abatements granted by the Birmingham Industrial Development Board (BIDB), an entity created by the Commission and the City of Birmingham in 2016 under Chapter 94, Title 11 of the Code of Alabama (1975). This authority has the stated purpose of developing any property on or near any navigable river for increasing business activity and employment in the County and the City.

The BIDB issues abatements of ad valorem property taxes for economic development purposes to keep or attract businesses in accordance with Section 40-9B-9 of the Code of Alabama (1975). For the fiscal year ended September 30, 2020, the BIDB abated property taxes totaling \$3,859.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE P - TRANSACTIONS WITH OTHER FUNDS

Advances due to/from Other Funds

The amounts of advances due to/from other funds at September 30, 2020, were as follows:

	Advances due to Other Funds			
	Special Sales Tax Fund	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	Totals
Advances due from other funds:				
General Fund	\$ 18,877	\$ 29,351	\$ 935	\$ 49,163
Nonmajor Governmental Funds	-	5,189	-	5,189
	<u>\$ 18,877</u>	<u>\$ 34,540</u>	<u>\$ 935</u>	<u>\$ 54,352</u>

Advances to/from other funds are generally for one of the following reasons: (a) amounts loaned from one fund to another to finance daily operations are expected to be received within one year, (b) amounts loaned from one fund to another from the refinancing of general obligation warrants in previous years or for the purchase of investment property are not expected to be repaid within one year or (c) amounts payable from one fund to another for indirect cost allocations are expected to be received within one year.

Interfund Transfers

Interfund transfers during the fiscal year ended September 30, 2020, were as follows:

	Transfers in		
	General Fund	Nonmajor Governmental Funds	Totals
Transfers out:			
General Fund	\$ 1,485	\$ 7,900	\$ 9,385
Indigent Care Fund	2,000	-	2,000
Special Sales Tax Fund	58,909	26,574	85,483
Bridge and Public Building Fund	-	52,300	52,300
	<u>\$ 62,394</u>	<u>\$ 86,774</u>	<u>\$ 149,168</u>

The Commission typically uses transfers to fund ongoing operating subsidies and to service a portion of current-year debt requirements.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE Q - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At September 30, 2020, the Commission has commitments of the following:

Name of Commitment	Amount
Improvements to waste-water treatment plants and system infrastructure	\$ 25,397
CARES Act	25,153
Collection system management	24,182
Sewer repairs and maintenance	4,891
Road construction and maintenance	4,882
Building improvements	3,297
Tax mapping GIS data conversion	1,516
Fleet management (vehicles)	1,197
Indigent care	1,161
Fuel services	931
State court	700
Cooling towers and boiler replacement	618
	<hr/>
	<u>\$ 93,925</u>

NOTE R - CONTINGENT LIABILITIES AND LITIGATION

The Commission is party to various lawsuits or claims. Following is a discussion of the significant claims outstanding at September 30, 2020.

United States v. Jefferson County, et al., United States District Court for the Northern District of Alabama, Southern Division, Case Number 2:75-CV-00666-CLS: This long-running dispute, initially brought by the United States Department of Justice, involves the employment practices of Jefferson County. In 1982, Jefferson County entered into a Consent Decree that required it to take certain actions to remedy past discrimination against African Americans and females.

The active portion of the litigation began on October 3, 2007, when two groups of plaintiffs claimed that the Commission had failed to comply with the Consent Decree's requirements to ensure equal employment for blacks and women and to remedy the effects of prior discrimination. The plaintiffs also alleged that the Commission failed to comply with Consent Decree requirements regarding hiring specific compliance officers and recordkeeping. The plaintiffs sought to hold the Commission in contempt and sought to modify the Consent Decree to mandate particular practices that the plaintiffs would like to see implemented. On January 27, 2012, the federal district court found that the Bankruptcy Case (see Note T) did not stay the portions of this lawsuit that concern the Commission.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

The United States District Court, on August 20, 2013, entered its decision and order finding the Commission in contempt of court and informing the parties that a receiver would be appointed over the Human Resources Department. On October 25, 2013, the Court appointed Dr. Ronald Sims, Ph.D., from the College of William and Mary in Williamsburg, Virginia to serve as the receiver (the Employment Discrimination Receiver) under the direction of and reporting only to the Court. On May 28, 2015, The United States District Court advised the parties that it had called for Dr. Sims to step down as the Employment Discrimination Receiver and terminated his appointment. On June 11, 2015, the United States District Court appointed Lorren Oliver, Executive Director of the Personnel Board of Jefferson County, to serve as Interim Employment Discrimination Receiver. On November 25, 2015, the United States District Court appointed Lorren Oliver to the position of Employment Discrimination Receiver.

On March 15, 2018, the parties filed a joint Proposed Plan for Transition of Authority from the Employment Discrimination Receiver to County and Appointment of Monitor. On June 6, 2018, the Court entered an order approving and adopting the proposed plan which provides that the Human Resources Director, County Manager and County Commission shall oversee and direct all employment decisions of the County. The Order also appointed Lorren Oliver as Monitor of Jefferson County “until such time as this Court enters an order terminating the Consent Decree, or as otherwise directed by subsequent order.”

On September 1, 2020, the parties filed a Joint Motion to Terminate the Consent Decree. The Court granted this motion on December 21, 2020.

It is also nearly certain that the plaintiffs will seek attorneys’ fees and costs in connection with this case. The plaintiffs have a deadline of March 31, 2021, to file a motion seeking these funds. Although it is not possible to know the amount they would seek, given the fact that this case has been pending since the mid-1970s, the Commission conservatively estimates a fee request in excess of \$5 million. Because the plaintiffs’ attorneys have proceeded with this case as a pro bono matter, Jefferson County would fight any order awarding fees; however, given the Commission’s experiences with the Court, the Commission reasonably expects that fees and costs will be awarded. As of September 30, 2020, the Commission has accrued an estimated loss related to these fees and costs.

In addition to the “prevailing party” award of fees and costs described above, the Court entered a sanctions order against the Commission in August 2008 related to past discovery conduct. The Commission filed a Motion for Reconsideration and the Court has indicated that it will enter sanctions in some amount. The plaintiffs are seeking approximately \$750 in fees and costs as a sanction, and the Commission is objecting to this amount. The Commission has accrued an estimated loss related to these sanctions as of September 30, 2020.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

Jefferson County, Alabama v. City of Fultondale, Circuit Court of Jefferson County, Alabama, Birmingham Division, Case Number CV-2018-901852.00: On May 4, 2018, the Commission filed a complaint for declaratory judgment against the City of Fultondale, Alabama (the City) in the Circuit Court of Jefferson County seeking to collect approximately two years of defaulted principal and interest payments on a Limited Obligation Sales Tax Warrant and a Limited Obligation Tax Increment Warrant (collectively, the TIF Warrants) issued by the City to the Commission in 2006 to fund infrastructure improvements and construction for a retail development in a tax increment finance district established by the City. The Commission requested the Court to enter a judgment declaring that: (a) the City's obligation to the Commission for payment of debt service on the TIF Warrants remains due and payable and (b) the City's obligation to the Commission for payment of debt service includes all principal amounts outstanding on the TIF Warrants as of April 1, 2016, plus all accrued interest thereon. The Commission also sought a declaratory judgment addressing a disagreement regarding the amount of principal outstanding on the TIF Warrants as of April 1, 2016. On June 7, 2018, the City filed an answer and counterclaim for a declaratory judgment requesting an order from the Court providing: (a) that the terms of the TIF Warrants required the City to pay the Commission debt service on the TIF Warrants for ten years, (b) that after ten years the City's obligation to the Commission with regard to the TIF Warrants ended and (c) the City paid debt service on the TIF Warrants to the Commission as required, the TIF Warrants are paid in full and the City has no further obligation to the Commission. The Commission has vigorously contested these claims. On April 29, 2019, the Commission added a claim for conversion against the City, demanding payment of amounts that should have been paid to the Commission under the TIF Warrants after April 1, 2016. At the time that the complaint for declaratory judgment was filed, the Commission maintained that the aggregate principal amount outstanding on the TIF Warrants was approximately \$11,400. These amounts are recorded at face value, with no allowance recorded. The conclusion of this matter is uncertain.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

CSX Transportation v. Jefferson County, Case number CV-10-1490, and *BNSF v. Jefferson County*, Case number 10-903065, were filed in the Circuit Court of Jefferson County, Alabama, Birmingham Division. These cases seek a refund of Commission sales taxes that were paid on the retail sale of diesel fuel. These cases were stayed by commencement of the Bankruptcy Case and by the trial court pending the outcome of a similar case filed against the State of Alabama. The plaintiffs in these cases filed proofs of claims in the County's Bankruptcy Case asserting the same claims asserted against the Commission in their lawsuits.

The lawsuits were stayed by the trial court pending the outcome of a similar case filed by taxpayers against the State of Alabama. In the State of Alabama's case, the 11th Circuit Court of Appeals (11th Circuit) ruled against the State. The State filed a petition for writ of certiorari with the U.S. Supreme Court asking it to review the matter. The Supreme Court granted the State's petition for writ of certiorari on July 1, 2014.

On March 4, 2015, the U.S. Supreme Court held that the State's sales tax on diesel fuel purchased and used by rail carriers—where motor and water carriers are exempt from the tax—discriminates against rail carriers only if the State cannot justify the differences in tax treatment between those similarly-situated taxpayers. The Court remanded the case to the 11th Circuit, directing it to consider Alabama's justifications for the differential tax treatment of rail carriers, motor carriers and water carriers.

On August 19, 2015, the 11th Circuit vacated its opinion and remanded the case to the District Court for proceedings consistent with the U.S. Supreme Court's decision. On remand, the 11th Circuit stated that the District Court should consider whether the State had sufficient justification for exempting a railroad's competitors from the sales and use taxes imposed on a railroad's purchase or consumption of diesel fuel, demonstrated by the imposition of an alternative comparable tax or otherwise.

On March 29, 2017, the District Court issued its opinion on remand and held the State's sales tax on diesel fuel does not discriminate against rail carriers in violation of federal law. CSX appealed this ruling to the 11th Circuit and oral argument was held in October 2017. In March 2018, the 11th Circuit reversed the District Court's decision and held that Alabama's sales tax on diesel fuel used by rail carriers was discriminatory and violated the Railroad Revitalization and Regulatory Reform Act of 1976, as fuel purchased by water carriers is exempt from both the sales and excise tax and the State could not show that the exemption was compelled by federal law. The 11th Circuit also ruled that Alabama's sales and use tax exemption for motor carriers was sufficiently justified because motor carriers pay the "roughly equivalent" excise tax on fuel instead. Although the 11th Circuit granted the State's petition for rehearing, in April 2018 it largely upheld its March 2018 opinion with modest revisions regarding the scope of the sales and use tax exemption for water carriers. The 11th Circuit remanded the case to the District Court with instructions to enter declaratory and injunctive relief in favor of the rail carrier. On June 11, 2018, the District Court entered an order providing that the existing injunction will remain in effect and staying the case until a petition for a writ of certiorari is filed or the deadline to do so has lapsed.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

On October 5, 2018, the State filed a petition for a writ of certiorari, asking the U.S. Supreme Court to review the 11th Circuit’s decision. CSX also filed a conditional cross-petition for writ of certiorari requesting the U.S. Supreme Court to also review the motor carrier portion of the 11th Circuit’s decision if it grants the State’s petition. The U.S. Supreme Court denied both petitions on June 24, 2019. On December 6, 2019, the State and CSX presented a joint proposed final order to the District Court resolving the litigation among the parties. The District Court entered the proposed order on December 9, 2019.

The lawsuits filed by CSX and BNSF against the Commission that are pending in the Circuit Court of Jefferson County are not yet concluded. If CSX and BNSF prevail with their respective claims, they are entitled to recover certain escrowed funds that would be released back to them, but they would still have claims against the Commission for the refund of the amount of their disputed taxes paid prior to the establishment of the escrow. Any claims that CSX and BNSF might have that are not covered by the escrowed funds would be treated as General Unsecured Claims under the Commission’s confirmed Plan of Adjustment. Under the Plan of Adjustment, creditors holding Allowed General Unsecured Claims shall receive only their pro rata share of a \$5,000 General Unsecured Claims Pool that the Commission funded in full on the December 3, 2013 effective date (“Effective Date” as defined in the Plan of Adjustment). The conclusion of this matter is uncertain. The Commission has accrued an estimated loss related to these cases as of September 30, 2020.

Bennett et al. v. Jefferson County, Alabama, et al., United States Bankruptcy Court for the Northern District of Alabama, Southern Division, Adversary Proceeding No. 12-00120 (the “Bennett Action”): In the initial complaint, 15 sewer ratepayers sought injunctive and declaratory relief, in addition to damages, against the Commission and other defendants on behalf of several putative classes of customers of the Commission’s sewer system. The Commission, named in the initial complaint only as a “nominal defendant,” moved for a more definite statement of the claim and moved to strike the class allegations. Other defendants filed motions to dismiss detailing various shortcomings in the opening complaint. The plaintiffs voluntarily dismissed, with prejudice, six of the nine counts of their initial complaint. With respect to the remaining counts, the Bankruptcy Court entered orders granting the Commission’s motion for a more definite statement and the Commission’s motion to strike the class allegations, deeming moot the other defendants’ various motions to dismiss, and giving plaintiffs time to file an amended complaint.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

The plaintiffs filed their Second Amended Complaint for a Declaratory Judgment and Injunctive Relief (the Second Amended Complaint) on the Bankruptcy Court's deadline. This complaint named as defendants only the Commission and the indenture trustee for the sewer warrants.

This complaint sought the entry of a declaratory judgment that certain series of the Commission's sewer warrants were invalid because they allegedly violated the pre-issuance requirements of the sewer warrant indenture and contravened the Alabama and United States Constitutions. Both the Commission and the indenture trustee responded to the Second Amended Complaint with motions to dismiss.

In its reply to the plaintiffs' brief, the Commission requested that the Bankruptcy Court stay the adversary proceeding pending confirmation of the Commission's Plan of Adjustment, on the grounds that confirmation likely will resolve or moot the adversary proceeding. Pursuant to the Plan of Adjustment, the Commission proposed to settle and compromise the claims and causes of action asserted in the adversary proceeding against the indenture trustee, which claims and causes of action the Commission believed belonged to the Commission and not to the sewer ratepayers or could be otherwise resolved by the Commission notwithstanding the objection of plaintiffs in the adversary proceeding. The Bankruptcy Court granted the Commission's request to stay the adversary proceeding. The plaintiffs filed a motion for reconsideration of the Bankruptcy Court's order staying the adversary proceeding, which the Bankruptcy Court denied.

During the Bankruptcy Case, Roderick Royal, one of the plaintiffs in the adversary proceeding, filed two proofs of claim on behalf of the putative class of sewer ratepayers. The two proofs of claim, which were duplicates, each assert claims against the Commission in the amount of \$1,630 for, among other things, alleged, actual or contemplated overcharges in sewer rates. The Commission filed an objection to these proofs of claim. The Bankruptcy Court conducted a hearing on the Commission's objections to Royal's two proofs of claims on October 17, 2013.

As reflected in the Bankruptcy Court's order entered on November 12, 2013, the Bankruptcy Court sustained the Commission's objection and disallowed Royal's proofs of claim in their entirety. Royal and his fellow claimants moved for reconsideration of the Bankruptcy Court's order, disallowing their claims; but those motions were denied.

Royal and his fellow claimants appealed the Bankruptcy Court's order disallowing the proofs of claim to the District Court. On July 30, 2020, the District Court dismissed the appeal of the Bankruptcy Court's order disallowing Royal's two proofs of claim with prejudice. Neither Royal nor any of his fellow claimants have filed a timely appeal of the District Court's order. All appeals of the disallowance of the two proofs of claim in the amount of \$1,630 are now concluded.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

Throughout the litigation with the Bennett plaintiffs, the Commission consistently argued that the claims asserted by the Bennett plaintiffs against parties other than the Commission were claims that belonged to the Commission and, therefore, the Commission could compromise and resolve such claims pursuant to its Chapter 9 debt restructuring efforts. Accordingly, the Commission's Plan of Adjustment provided, as part of its comprehensive compromise and settlement of the Commission's debt obligations with respect to the Commission's sanitary sewer system, for an injunction against the further prosecution by any person of the claims and causes of action asserted in the Bennett Action. In the Confirmation Order, the Bankruptcy Court ruled that the claims asserted by the Bennett plaintiffs against parties other than the Commission did indeed belong to the Commission and that the Commission could, through the Plan of Adjustment, propose a binding settlement and release of such claims. Upon the Effective Date, the injunction against the continued prosecution of the Bennett Action became effective and the adversary proceeding pending before the Bankruptcy Court was dismissed with prejudice. The Bennett plaintiffs appealed dismissal of the Bennett Action to the District Court.

The Bennett plaintiffs objected to confirmation of the Plan of Adjustment and also appealed the Confirmation Order to the District Court. The Bennett plaintiffs, however, did not seek or obtain a stay of the Confirmation Order pending their appeal. On December 3, 2013, the Commission substantially consummated all the transactions contemplated by the Plan of Adjustment, and all other conditions to the effectiveness of the Plan of Adjustment were either satisfied or waived. Accordingly, December 3, 2013, is the Plan of Adjustment's Effective Date.

The Commission moved to dismiss the Bennett plaintiffs' appeal of the Confirmation Order on the grounds that the appeal is constitutionally, equitably and statutorily moot. The District Court denied the Commission's motion by order dated September 30, 2014. The Commission subsequently asked the District Court to certify its ruling for interlocutory appeal to the 11th Circuit. On December 2, 2014, the District Court certified its order for appeal on the issue of mootness. On December 10, 2014, the Commission filed a petition for interlocutory appeal with the 11th Circuit, and on April 22, 2015, the 11th Circuit granted the Commission permission to appeal.

On August 16, 2018, the 11th Circuit issued a decision in favor of the Commission, reversing the District Court's prior decision and remanding to the District Court to dismiss the Bennett plaintiffs' appeal of the Confirmation Order. In its opinion, the 11th Circuit noted as follows: "Having evaluated the factors relevant to an equitable mootness determination, we conclude that dismissing the ratepayers' appeal is appropriate. We note, in concluding, that no party has so far asked the bankruptcy court to exercise its jurisdiction to force Jefferson County to adjust its sewer rates according to the provisions of the confirmed plan. We therefore express no view on whether the ratepayers (or anyone else) will be able to mount a challenge to aspects of the plan in the future should the bankruptcy court in fact purport to exercise its jurisdiction to compel an increase in rates in compliance with the plan."

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

On October 31, 2018, the 11th Circuit denied the Bennett plaintiffs' request for rehearing. On January 29, 2019, the Bennett plaintiffs filed a petition for writ of certiorari with the U.S. Supreme Court. On March 4, 2019, the U.S. Supreme Court denied the Bennett plaintiffs' petition. All appeals of confirmation of the Plan of Adjustment are now concluded. It is not possible to predict the outcome of any future challenge to the exercise by the Bankruptcy Court of its retained jurisdiction to compel sewer rate increases in compliance with the Plan of Adjustment.

As discussed above, the Bennett plaintiffs appealed dismissal of the Bennett Action to the District Court. The Commission moved to dismiss these appeals following the U.S. Supreme Court's denial of the Bennett plaintiffs' petition for writ of certiorari. The Commission argued that the order dismissing the Bennett Action was required under the Confirmation Order and the Plan of Adjustment, all appeals of those matters are final, the dismissal order was therefore res judicata, and any further appeals from the Bennett Action were moot. On August 1, 2019, the District Court granted the Commission's motion and dismissed the appeal of the Bennett Action. The Bennett plaintiffs appealed the District Court's ruling to the 11th Circuit. The 11th Circuit affirmed the District Court's dismissal on June 29, 2020. The deadline has passed for the Bennett plaintiffs to request a rehearing before the 11th Circuit or file a petition for writ of certiorari with the U.S. Supreme Court. All appeals of the dismissal of the Bennett Action are now concluded.

The Commission is currently defending various other lawsuits. In addition, claims against the Commission have been filed that have not yet resulted in lawsuits. The Commission shall continue to consult with legal counsel regarding these lawsuits and claims and defend against them. As of September 30, 2020, the Commission has accrued estimated litigation payments in the accompanying statement of net position.

The Commission has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of grants. Management believes such disallowances, if any, will be immaterial.

The Commission depends on financial resources flowing from, or associated with, both the federal government and the State of Alabama. Because of this dependency, the Commission is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations.

COVID-19

The outbreak of the novel coronavirus has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the novel coronavirus. Nevertheless, the novel coronavirus presents material uncertainty and risk with respect to the Commission, its performance, and its financial results.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE S - SUBSEQUENT EVENTS

The following are the subsequent events for the Commission related to the warrants outstanding.

Business-Type Activities

2013 Sewer Warrants

The debt covenants for the Series 2013 Sewer Warrants require maintenance of rates, including compliance with the Rate Resolution in accordance with the 2013 Sewer Indenture (see Note J). The Commission implemented sewer user charge increases effective October 1, 2020.

NOTE T - BANKRUPTCY SETTLEMENT AND CONFIRMATION

On November 6, 2013, the Commission filed with the Bankruptcy Court a further modified Chapter 9 plan, which was titled the *Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated November 6, 2013)*. On November 22, 2013, after conclusion of the confirmation hearing, the Bankruptcy Court entered its order (the Confirmation Order) confirming the Commission's November 6, 2013, Plan of Adjustment.

The named plaintiffs in the *Bennett et al. v. Jefferson County, Alabama* litigation (described in Note R - Contingent Liabilities and Litigation) objected to confirmation of the Plan of Adjustment and appealed the Confirmation Order to the U.S. District Court for the Northern District of Alabama. The Bennett plaintiffs, however, did not seek or obtain a stay of the Confirmation Order pending their appeal. On December 3, 2013, the Commission substantially consummated all the transactions contemplated by the Plan of Adjustment, and all other conditions to the effectiveness of the Plan of Adjustment were either satisfied or waived. Accordingly, December 3, 2013, is the Plan of Adjustment's Effective Date. The Commission moved to dismiss the Bennett plaintiffs' appeal of the Confirmation Order on the grounds that the appeal is constitutionally, equitably and statutorily moot. The U.S. District Court denied the Commission's motion by order dated September 30, 2014. The Commission subsequently asked the District Court to certify its ruling for interlocutory appeal to the 11th Circuit. On December 2, 2014, the District Court certified its order for appeal on the issue of mootness. On December 10, 2014, the Commission filed a petition for interlocutory appeal with the 11th Circuit, and on April 22, 2015, the 11th Circuit granted the Commission permission to appeal.

On August 16, 2018, the 11th Circuit issued a decision in favor of the Commission, reversing the District Court's prior decision and remanding to the District Court to dismiss the Bennett plaintiffs' appeal of the Confirmation Order.

**JEFFERSON COUNTY COMMISSION
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE T - BANKRUPTCY SETTLEMENT AND CONFIRMATION – CONTINUED

On October 31, 2018, the 11th Circuit denied the Bennett plaintiffs' request for rehearing. On January 29, 2019 the Bennett plaintiffs filed a petition for writ of certiorari with the United States Supreme Court.

On March 4, 2019, the Supreme Court denied the Bennett plaintiffs' petition. All appeals of the confirmation of the Plan of Adjustment are now concluded. It is not possible to predict the outcome of any future challenge to the exercise by the Bankruptcy Court of its retained jurisdiction to compel sewer rate increases in compliance with the Plan of Adjustment. See Note R - Contingent Liabilities and Litigation.

The Plan of Adjustment, as confirmed by the Confirmation Order, sets forth the manner in which the Commission proposed to adjust and treat all claims in the Bankruptcy Case. The Plan of Adjustment, the Confirmation Order and the Disclosure Statement are all public documents and available for review. For a complete understanding of the Plan of Adjustment, as confirmed, and its terms, the Plan of Adjustment (including all exhibits and appendices attached thereto), the Confirmation Order and the Disclosure Statement should be reviewed.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	\$ 106,151	\$ 106,151	\$ 111,448	\$ 111,448
Licenses and permits	11,550	11,550	10,880	10,880
Intergovernmental	6,077	6,462	9,955	9,955
Charges for services, net	37,763	37,911	32,262	32,262
Miscellaneous	692	692	9,488	9,488
Interest and investment income	449	449	970	970
	<u>162,682</u>	<u>163,215</u>	<u>175,003</u>	<u>175,003</u>
Expenditures				
Current:				
General government	118,496	123,690	114,552	114,552
Public safety	74,263	76,618	58,538	58,538
Health and welfare	1,135	1,183	-	-
Capital outlay	-	-	-	-
Indirect expenses	-	-	(6,228)	(6,228)
Debt service:				
Principal retirement	-	-	344	344
Interest and fiscal charges	-	-	664	664
	<u>193,894</u>	<u>201,491</u>	<u>167,870</u>	<u>167,870</u>
Excess (Deficiency) of Revenues over Expenditures	(31,212)	(38,276)	7,133	7,133
Other Financing Sources (Uses)				
Sale of capital assets, net	-	-	28	28
Transfers in	-	-	62,394	62,394
Transfers out	-	-	(9,385)	(9,385)
	<u>-</u>	<u>-</u>	<u>53,037</u>	<u>53,037</u>
Net Change in Fund Balance	(31,212)	(38,276)	60,170	60,170
Fund Balance – Beginning of Year	<u>178,095</u>	<u>178,095</u>	<u>178,095</u>	<u>178,095</u>
Fund Balance – End of Year	<u>\$ 146,883</u>	<u>\$ 139,819</u>	<u>\$ 238,265</u>	<u>\$ 238,265</u>

See notes to required supplementary information.

JEFFERSON COUNTY COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – SPECIAL SALES TAX REVENUE FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	\$ 116,988	\$ 116,988	\$ 109,479	\$ 109,479
Investment income	-	-	83	83
	116,988	116,988	109,562	109,562
Expenditures				
Contributions to other entities	-	24,100	24,100	24,100
	-	24,100	24,100	24,100
Excess (Deficiency) of Revenues over Expenditures	116,988	92,888	85,462	85,462
Other Financing Sources (Uses)				
Transfers out	-	-	(85,483)	(85,483)
Net Change in Fund Balance	116,988	92,888	(21)	(21)
Fund Balance – Beginning of Year	21	21	21	21
Fund Balance – End of Year	\$ 117,009	\$ 92,909	\$ -	\$ -

See notes to required supplementary information.

JEFFERSON COUNTY COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – BRIDGE AND PUBLIC BUILDING FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	\$ 48,226	\$ 48,226	\$ 51,307	\$ 51,307
Intergovernmental	-	-	801	801
Interest and investment income	-	-	137	137
	<u>48,226</u>	<u>48,226</u>	<u>52,245</u>	<u>52,245</u>
Excess (Deficiency) of Revenues over Expenditures	48,226	48,226	52,245	52,245
Other Financing Sources (Uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(52,300)</u>	<u>(52,300)</u>
Net Change in Fund Balance	48,226	48,226	(55)	(55)
Fund Balance – Beginning of Year	<u>133</u>	<u>133</u>	<u>133</u>	<u>133</u>
Fund Balance – End of Year	<u>\$ 48,359</u>	<u>\$ 48,359</u>	<u>\$ 78</u>	<u>\$ 78</u>

See notes to required supplementary information.

JEFFERSON COUNTY COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – INDIGENT CARE FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	\$ 61,540	\$ 61,540	\$ 56,957	\$ 56,957
Intergovernmental	-	-	119	119
Charges for services, net	2,978	2,978	-	-
Miscellaneous	-	-	277	277
Interest and investment income	-	-	109	109
	<u>64,518</u>	<u>64,518</u>	<u>57,462</u>	<u>57,462</u>
Expenditures				
Health and welfare	59,645	65,231	48,612	48,612
Contributions to other entities	-	-	11,267	11,267
Capital outlay	561	620	-	-
Indirect expenses	2,220	2,261	44	44
	<u>62,426</u>	<u>68,112</u>	<u>59,923</u>	<u>59,923</u>
Excess (Deficiency) of Revenues over Expenditures	2,092	(3,594)	(2,461)	(2,461)
Other Financing Sources (Uses)				
Transfers out	-	-	(2,000)	(2,000)
	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>
Net Change in Fund Balance	2,092	(3,594)	(4,461)	(4,461)
Fund Balance – Beginning of Year	<u>26,954</u>	<u>26,954</u>	<u>26,954</u>	<u>26,954</u>
Fund Balance – End of Year	<u>\$ 29,046</u>	<u>\$ 23,360</u>	<u>\$ 22,493</u>	<u>\$ 22,493</u>

See notes to required supplementary information.

**JEFFERSON COUNTY COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – CARES ACT FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Intergovernmental	\$ -	\$ -	\$ 77,060	\$ 77,060
Interest and investment income	-	-	24	24
	-	-	77,084	77,084
Expenditures				
Health and Welfare	-	-	77,060	77,060
	-	-	77,060	77,060
Excess (Deficiency) of Revenues over Expenditures	-	-	24	24
Net Change in Fund Balance	-	-	24	24
Fund Balance – Beginning of Year	-	-	-	-
Fund Balance – End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 24</u>

See notes to required supplementary information.

JEFFERSON COUNTY COMMISSION
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – (UNAUDITED)
SEPTEMBER 30, 2020

BUDGETARY DATA

Budget Policy and Practice

The County Department Managers submit annual budget requests to the Commission which adopts annual fiscal year appropriated budgets for General and Special Revenue Funds. Once approved, the Commission may amend the legally adopted budgets when unexpected modifications are required in estimated revenue and appropriations.

Budget

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by function. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the Commission. Within these control levels, management may transfer appropriations without Commission approval. Revisions to the budget were made throughout the year.

**JEFFERSON COUNTY COMMISSION
SCHEDULE OF CHANGES IN NET PENSION
LIABILITY (ASSET) AND RELATED RATIOS
(UNAUDITED)
SEPTEMBER 30, 2020**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY						
Service cost	\$ 22,859	\$ 20,890	\$ 19,490	\$ 17,798	\$ 17,325	\$ 16,860
Interest	70,863	69,534	68,349	65,859	64,608	63,046
Differences between expected and actual experience	(477)	(6,423)	(8,548)	12,504	(5,226)	-
Change in assumptions	(6,178)	-	-	-	-	-
Benefit payments	(65,397)	(62,336)	(60,683)	(58,760)	(57,021)	(55,458)
Refunds of contributions	<u>(1,448)</u>	<u>(852)</u>	<u>(844)</u>	<u>(902)</u>	<u>(985)</u>	<u>(1,707)</u>
Net change in total pension liability	20,222	20,813	17,764	36,499	18,701	22,741
Total pension liability – beginning	<u>1,045,752</u>	<u>1,024,939</u>	<u>1,007,175</u>	<u>970,676</u>	<u>951,975</u>	<u>929,234</u>
Total pension liability – ending (A)	<u>\$1,065,974</u>	<u>\$1,045,752</u>	<u>\$1,024,939</u>	<u>\$1,007,175</u>	<u>\$ 970,676</u>	<u>\$ 951,975</u>
PENSION FIDUCIARY NET POSITION						
Contributions – employer	\$ 8,710	\$ 8,340	\$ 7,627	\$ 7,393	\$ 6,732	\$ 6,587
Contributions – members	8,677	8,319	7,592	7,385	6,716	6,562
Contributions – other	671	415	441	584	439	771
Net investment income	31,930	124,985	120,056	97,411	(1,107)	105,706
Benefit payments	(65,397)	(62,336)	(60,683)	(58,760)	(57,021)	(55,458)
Administrative expense	(1,648)	(1,426)	(1,865)	(1,300)	(998)	(931)
Refunds of contributions	(1,448)	(852)	(844)	(902)	(985)	(1,707)
Other	<u>(291)</u>	<u>(195)</u>	<u>(78)</u>	<u>(79)</u>	<u>(78)</u>	<u>(84)</u>
Net change in plan fiduciary net position	(18,796)	77,250	72,246	51,732	(46,302)	61,446
Plan fiduciary net position – beginning	<u>1,232,533</u>	<u>1,155,283</u>	<u>1,083,037</u>	<u>1,031,304</u>	<u>1,077,606</u>	<u>1,016,160</u>
Plan fiduciary net position – ending (B)	<u>\$1,213,737</u>	<u>\$1,232,533</u>	<u>\$1,155,283</u>	<u>\$1,083,036</u>	<u>\$1,031,304</u>	<u>\$1,077,606</u>
NET PENSION (ASSET) LIABILITY (A) – (B)	<u>\$ (147,763)</u>	<u>\$ (186,781)</u>	<u>\$ (130,344)</u>	<u>\$ (75,861)</u>	<u>\$ (60,628)</u>	<u>\$ (125,631)</u>
COVERED EMPLOYEE PAYROLL	\$ 145,167	\$ 139,000	\$ 127,117	\$ 123,217	\$ 112,200	\$ 109,783
NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	-101.79%	-134.37%	-102.54%	-61.57%	-54.04%	-114.44%
NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	113.86%	117.86%	112.72%	107.53%	106.25%	113.20%

The Schedule of Changes in Net Pension Liability (Asset) is not available for years prior to 2014.

**JEFFERSON COUNTY COMMISSION
NOTES TO SCHEDULE OF CHANGES IN NET PENSION
LIABILITY (ASSET) AND RELATED RATIOS
(UNAUDITED)
SEPTEMBER 30, 2020**

The reported Covered Employee Payroll during the measurement period is the payroll upon which contributions were based.

The table above includes changes in the net pension (asset) liability of the Personnel Board Fund, which is reported as an agency fund of the Commission. The net pension asset for this agency fund was \$7,409 at the beginning of the fiscal year and \$5,675 at the end of the fiscal year.

**JEFFERSON COUNTY COMMISSION
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
(UNAUDITED)
SEPTEMBER 30, 2020**

Year	Actuarially Determined Contribution	Contributions From Commission	Contribution (Deficiency)/ Excess	Covered Employee Payroll	Contribution as a % of Payroll
2011	\$ 8,923	\$ 8,923	\$ -	\$ 148,717	6.00%
2012	7,744	7,744	-	129,067	6.00%
2013	6,851	6,851	-	114,183	6.00%
2014	6,587	6,587	-	109,783	6.00%
2015	6,732	6,732	-	112,200	6.00%
2016	7,393	7,393	-	123,217	6.00%
2017	7,627	7,627	-	127,117	6.00%
2018	8,259	8,259	-	139,000	6.00%
2019	8,674	8,674	-	145,167	6.00%
2020	8,710	8,710	-	153,000	6.00%

**JEFFERSON COUNTY COMMISSION
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
(UNAUDITED)
SEPTEMBER 30, 2020**

Valuation Date: September 30, 2019

Notes:

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates for the Most Recent Year in the Schedule:

Actuarial cost method:	Entry age
Amortization method:	Level percent, open
Remaining amortization period:	47 years
Investment rate of return:	7%, net of pension plan investment expense, including inflation
Inflation:	3.25%
Salary increases:	4.25 – 7.25%, including inflation
Asset valuation method:	5-year smoothed market

**JEFFERSON COUNTY COMMISSION
SCHEDULE OF CHANGES IN TOTAL OPEB
LIABILITY AND RELATED RATIOS
(UNAUDITED)
SEPTEMBER 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL OPEB LIABILITY			
Service cost	\$ 4,304	\$ 5,018	\$ 5,477
Interest	4,182	3,985	3,353
Changes of benefit terms	-	-	-
Differences between expected and actual experience	596	(14,558)	(224)
Change in assumptions or other inputs	15,363	(1,066)	(6,683)
Benefit payments	<u>(5,320)</u>	<u>(4,616)</u>	<u>(4,798)</u>
Net change in Total OPEB Liability	19,125	(11,237)	(2,875)
Total OPEB Liability – beginning	<u>102,689</u>	<u>113,926</u>	<u>116,801</u>
Total OPEB Liability – ending	<u>\$ 121,814</u>	<u>\$ 102,689</u>	<u>\$ 113,926</u>
Covered-employee payroll	\$ 147,969	\$ 147,969	\$ 126,645
Total OPEB Liability as a percentage of covered-employee payroll	82.32%	69.40%	89.96%

**JEFFERSON COUNTY COMMISSION
NOTES TO SCHEDULE OF CHANGES TOTAL OPEB
LIABILITY AND RELATED RATIOS
(UNAUDITED)
SEPTEMBER 30, 2020**

The Schedule of Changes in Total OPEB Liability is not available for years prior to 2018.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The Commission does not have a special funding situation.

The reported Covered Employee Payroll during the measurement period is the payroll upon which contributions were based.

There were no changes of benefit terms during 2020.

Changes of assumptions and other inputs reflect a change in the discount rate from 4.18% to 2.66% due to a change in the municipal bond rate.

The table above includes changes in the TOL of the Emergency Agency Fund and the Personnel Board Fund, which are reported as agency funds of the Commission. The TOL for these agency funds was \$26 and \$1,411, respectively, at the beginning of the fiscal year and \$35 and \$1,816, respectively, at the end of the fiscal year.

SUPPLEMENTARY INFORMATION

**JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020
(IN THOUSANDS)**

ASSETS	Community Development Fund	Capital Improvements Fund	Road Fund	Road Construction Fund	Home Grant Fund
Cash and investments	\$ 978	\$ 1,156	\$ 14,919	\$ 2,548	\$ 613
Accounts receivable, net	1,457	-	30	-	25
Taxes receivable, net	-	-	-	-	-
Tax receivable, net, highways and roads	-	-	22,654	-	-
Restricted assets	-	-	1,672	-	-
Advances due from (to) other funds	(1,255)	-	-	-	(132)
	<u>\$ 1,180</u>	<u>\$ 1,156</u>	<u>\$ 39,275</u>	<u>\$ 2,548</u>	<u>\$ 506</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 975	\$ 758	\$ 1,262	\$ 1,966	\$ 11
Deposits payable	-	-	1,464	-	-
Accrued wages and benefits	74	-	780	-	5
Due (from) to other governments	-	-	8,478	-	-
Retainage payable	300	391	-	551	-
Estimated litigation liability	-	-	1,066	-	-
Estimated claims liability	-	-	169	-	-
Total Liabilities	1,349	1,149	13,219	2,517	16
Deferred Inflows of Resources					
Property taxes	-	-	21,678	-	-
Fund Balances					
Restricted	-	-	4,378	-	-
Assigned	-	7	-	31	370
Unassigned	(169)	-	-	-	120
	<u>(169)</u>	<u>7</u>	<u>4,378</u>	<u>31</u>	<u>490</u>
	<u>\$ 1,180</u>	<u>\$ 1,156</u>	<u>\$ 39,275</u>	<u>\$ 2,548</u>	<u>\$ 506</u>

See independent auditors' report.

**JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
SEPTEMBER 30, 2020
(IN THOUSANDS)**

ASSETS	Board of Equalization	Tax Assessor Birmingham	Tax Assessor Bessemer	Workforce Development Fund	Community Development Loan Fund
Cash and investments	\$ 1,390	\$ 2,454	\$ 546	\$ 2,138	\$ 937
Accounts receivable, net	-	-	-	2,664	-
Taxes receivable, net	6,398	3,718	1,603	-	-
Tax receivable, net, highways and roads	-	-	-	-	-
Restricted assets	-	-	-	-	-
Advances due from (to) other funds	-	-	-	-	-
	<u>\$ 7,788</u>	<u>\$ 6,172</u>	<u>\$ 2,149</u>	<u>\$ 4,802</u>	<u>\$ 937</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 89	\$ 176	\$ 4	\$ 1,173	\$ -
Deposits payable	-	-	-	-	-
Accrued wages and benefits	221	93	89	57	-
Due (from) to other governments	-	-	-	-	-
Retainage payable	-	-	-	-	-
Estimated litigation liability	12	-	2	30	-
Estimated claims liability	40	21	11	2	-
Total Liabilities	362	290	106	1,262	-
Deferred Inflows of Resources					
Property taxes	6,398	3,718	1,603	-	-
Fund Balances					
Restricted	1,028	2,164	440	3,540	937
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>1,028</u>	<u>2,164</u>	<u>440</u>	<u>3,540</u>	<u>937</u>
	<u>\$ 7,788</u>	<u>\$ 6,172</u>	<u>\$ 2,149</u>	<u>\$ 4,802</u>	<u>\$ 937</u>

See independent auditors' report.

**JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
SEPTEMBER 30, 2020
(IN THOUSANDS)**

ASSETS	Limited Obligation Refunding Debt	Debt Service Fund	Total Nonmajor Governmental Funds
Cash and investments	\$ -	\$ 1,320	\$ 28,999
Accounts receivable, net	-	-	4,176
Taxes receivable, net	-	-	11,719
Tax receivable, net, highways and roads	-	-	22,654
Restricted assets	73	2,658	4,403
Advances due from (to) other funds	9,610	(3,969)	4,254
	<u>9,683</u>	<u>9</u>	<u>76,205</u>
	<u>\$ 9,683</u>	<u>\$ 9</u>	<u>\$ 76,205</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 6,414
Deposits payable	-	-	1,464
Accrued wages and benefits	-	-	1,319
Due (from) to other governments	-	-	8,478
Retainage payable	-	-	1,242
Estimated litigation liability	-	-	1,110
Estimated claims liability	-	-	243
	<u>-</u>	<u>-</u>	<u>20,270</u>
Total Liabilities	-	-	20,270
Deferred Inflows of Resources			
Property taxes	-	-	33,397
Fund Balances			
Restricted	9,683	9	22,179
Assigned	-	-	408
Unassigned	-	-	(49)
	<u>9,683</u>	<u>9</u>	<u>22,538</u>
	<u>\$ 9,683</u>	<u>\$ 9</u>	<u>\$ 76,205</u>

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	Community Development Fund	Capital Improvements Fund	Road Fund	Road Construction Fund	Home Grant Fund
Revenues					
Taxes	\$ -	\$ -	\$ 21,399	\$ -	\$ -
License and permits	-	-	2,079	-	-
Intergovernmental	9,237	-	342	-	803
Charges for services, net	-	-	82	1,259	-
Miscellaneous	153	-	371	-	53
Interest and investment income	-	(14)	74	52	-
	9,390	(14)	24,347	1,311	856
Expenditures					
Current:					
General government	-	6,464	-	-	615
Highways and roads	-	-	28,374	-	-
Health and welfare	-	-	-	-	-
Community development	9,366	-	-	-	300
Capital outlay	-	6,391	-	21,825	-
Indirect expenses	-	-	-	-	-
Debt service:					
Principal retirement	-	2,263	-	1,873	-
Interest and fiscal charges	-	637	-	85	-
	9,366	15,755	28,374	23,783	915
Excess (Deficiency) of Revenues over Expenditures	24	(15,769)	(4,027)	(22,472)	(59)
Other Financing Sources					
Sale of capital assets	-	-	-	2,104	-
Transfers in (out)	-	15,700	-	19,400	-
	-	15,700	-	21,504	-
Net Changes in Fund Balances	24	(69)	(4,027)	(968)	(59)
Fund Balances – Beginning of Year	(193)	76	8,405	999	549
Fund Balances – End of Year	\$ (169)	\$ 7	\$ 4,378	\$ 31	\$ 490

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	Board of Equalization	Tax Assessor Birmingham	Tax Assessor Bessemer	Workforce Development Fund	Community Development Loan Fund
Revenues					
Taxes	\$ 5,592	\$ 1,974	\$ 1,652	\$ -	\$ -
License and permits	-	-	-	-	-
Intergovernmental	-	-	-	7,202	-
Charges for services, net	-	-	-	-	-
Miscellaneous	39	-	-	-	510
Interest and investment income	-	-	-	12	-
	<u>5,631</u>	<u>1,974</u>	<u>1,652</u>	<u>7,214</u>	<u>510</u>
Expenditures					
Current:					
General government	5,687	2,652	1,563	-	-
Highways and roads	-	-	-	-	-
Health and welfare	-	-	-	7,202	-
Community development	-	-	-	-	-
Capital outlay	188	642	10	-	-
Indirect expenses	54	37	14	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
	<u>5,929</u>	<u>3,331</u>	<u>1,587</u>	<u>7,202</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	(298)	(1,357)	65	12	510
Other Financing Sources					
Sale of capital assets	-	-	-	-	-
Transfers in (out)	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balances	(298)	(1,357)	65	12	510
Fund Balances – Beginning of Year	<u>1,326</u>	<u>3,521</u>	<u>375</u>	<u>3,528</u>	<u>427</u>
Fund Balances – End of Year	<u>\$ 1,028</u>	<u>\$ 2,164</u>	<u>\$ 440</u>	<u>\$ 3,540</u>	<u>\$ 937</u>

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS - CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	Limited Obligation Refunding Debt	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Taxes	\$ -	\$ -	\$ 30,617
License and permits	-	-	2,079
Intergovernmental	-	2,346	19,930
Charges for services, net	-	-	1,341
Miscellaneous	-	-	1,126
Interest and investment income	103	-	227
	<u>103</u>	<u>2,346</u>	<u>55,320</u>
Expenditures			
Current:			
General government	-	-	16,981
Highways and roads	-	-	28,374
Health and welfare	-	-	7,202
Community development	-	-	9,666
Capital outlay	-	-	29,056
Indirect expenses	-	-	105
Debt service:			
Principal retirement	11,085	21,885	37,106
Interest and fiscal charges	15,321	6,408	22,451
	<u>26,406</u>	<u>28,293</u>	<u>150,941</u>
Excess (Deficiency) of Revenues over Expenditures	(26,303)	(25,947)	(95,621)
Other Financing Sources			
Sale of capital assets	-	-	2,104
Transfers in (out)	26,574	25,100	86,774
	<u>26,574</u>	<u>25,100</u>	<u>88,878</u>
Net Changes in Fund Balances	271	(847)	(6,743)
Fund Balances – Beginning of Year	<u>9,412</u>	<u>856</u>	<u>29,281</u>
Fund Balances – End of Year	<u>\$ 9,683</u>	<u>\$ 9</u>	<u>\$ 22,538</u>

See independent auditors' report.

**JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF NET POSITION –
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2020
(IN THOUSANDS)**

ASSETS	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Hallmark Farms Cooperative District	Total Nonmajor Enterprise Funds
Current Assets				
Cash and investments	\$ -	\$ 2,614	\$ 5,045	\$ 7,659
Accounts receivable, net	297	6	-	303
Due from other governments	-	-	100	100
Deferred charges - issuance costs	-	-	54	54
Total Current Assets	297	2,620	5,199	8,116
Noncurrent Assets				
Investments – property held for sale	-	25,220	-	25,220
Restricted assets	219	-	-	219
Capital assets:				
Depreciable assets, net	8,893	-	2,337	11,230
Nondepreciable assets	7,907	-	5,635	13,542
Total Noncurrent Assets	17,019	25,220	7,972	50,211
	17,316	27,840	13,171	58,327

See independent auditors' report.

**JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF NET POSITION –
NONMAJOR ENTERPRISE FUNDS - CONTINUED
SEPTEMBER 30, 2020
(IN THOUSANDS)**

LIABILITIES AND NET POSITION	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Hallmark Farms Cooperative District	Total Nonmajor Enterprise Funds
Current Liabilities				
Accounts payable	\$ -	\$ 28	\$ 47	\$ 75
Due to other governments	-	637	-	637
Accrued interest	-	-	100	100
Warrants payable	-	-	208	208
Total Current Liabilities	-	665	355	1,020
Noncurrent Liabilities				
Advances due to other funds	5,189	29,351	-	34,540
Estimated liability for landfill closure and postclosure care costs	16,190	-	-	16,190
Warrants payable	-	-	12,792	12,792
Total Liabilities	21,379	30,016	13,147	64,542
Net Position				
Net investment in capital assets	16,800	-	(5,074)	11,726
Restricted for:				
Closure and postclosure care	219	-	-	219
Unrestricted	(21,082)	(2,176)	5,098	(18,160)
	<u>\$ (4,063)</u>	<u>\$ (2,176)</u>	<u>\$ 24</u>	<u>\$ (6,215)</u>

See independent auditors' report.

**JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION –
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)**

	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Hallmark Farms Cooperative District	Total Nonmajor Enterprise Funds
Operating Revenues				
Other operating revenue	\$ 2,053	\$ 161	\$ -	\$ 2,214
Intergovernmental	-	-	574	574
	<u>2,053</u>	<u>161</u>	<u>574</u>	<u>2,788</u>
Operating Expenses				
Salaries	-	169	-	169
Employee benefits and payroll taxes	-	12	-	12
Maintenance	-	-	121	121
Utilities	-	55	14	69
Outside services	124	298	14	436
Office expenses	-	227	19	246
Depreciation	1,798	-	61	1,859
Indirect expenses	10	-	-	10
	<u>1,932</u>	<u>761</u>	<u>229</u>	<u>2,922</u>
Operating Income (Loss)	121	(600)	345	(134)
Nonoperating Revenues (Expenses)				
Interest expense, net	(51)	(80)	(401)	(532)
Interest revenue	2	-	80	82
	<u>(49)</u>	<u>(80)</u>	<u>(321)</u>	<u>(450)</u>
Changes in Net Position	72	(680)	24	(584)
Net Position – Beginning of Year	<u>(4,135)</u>	<u>(1,496)</u>	<u>-</u>	<u>(5,631)</u>
Net Position – End of Year	<u>\$ (4,063)</u>	<u>\$ (2,176)</u>	<u>\$ 24</u>	<u>\$ (6,215)</u>

See independent auditors' report.

**JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF CASH FLOWS –
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)**

	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Hallmark Farms Cooperative District	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities				
Cash received from services	\$ -	\$ 162	\$ -	\$ 162
Cash payments to employees	-	(181)	-	(181)
Cash payments for goods and services	(155)	(585)	(121)	(861)
Other receipts and payments, net	204	51	474	729
Net Cash Provided by Operating Activities	49	(553)	353	(151)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	-	-	(541)	(541)
Interest paid	(51)	(80)	(301)	(432)
Net Cash Used by Capital and Related Financing Activities	(51)	(80)	(842)	(973)
Cash Flows from Investing Activities				
Interest received	2	-	80	82
Net Cash Provided by Investing Activities	2	-	80	82
Change in Cash and Investments	-	(633)	(409)	(1,042)
Cash and Investments – Beginning of Year	219	3,247	5,454	8,920
Cash and Investments – End of Year	<u>\$ 219</u>	<u>\$ 2,614</u>	<u>\$ 5,045</u>	<u>\$ 7,878</u>
Displayed As				
Cash and investments	\$ -	\$ 2,614	\$ 5,045	\$ 7,659
Restricted assets – noncurrent cash and investments	219	-	-	219
	<u>\$ 219</u>	<u>\$ 2,614</u>	<u>\$ 5,045</u>	<u>\$ 7,878</u>

See independent auditors' report.

**JEFFERSON COUNTY COMMISSION
 COMBINING STATEMENT OF CASH FLOWS –
 NONMAJOR ENTERPRISE FUNDS - CONTINUED
 FOR THE YEAR ENDED SEPTEMBER 30, 2020
 (IN THOUSANDS)**

	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Hallmark Farms Cooperative District	Total Nonmajor Enterprise Funds
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities				
Operating Income (Loss)	\$ 121	\$ (600)	\$ 345	\$ (134)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation expense	1,798	-	61	1,859
Change in accounts receivable	98	1	-	99
Change in amounts due from other governments	-	-	(100)	(100)
Change in advances due to other funds	(1,565)	51	-	(1,514)
Change in accounts payable	(21)	(5)	47	21
Change in estimated liability for landfill closure and postclosure care costs	(382)	-	-	(382)
	<u>(72)</u>	<u>47</u>	<u>8</u>	<u>(17)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 49</u>	<u>\$ (553)</u>	<u>\$ 353</u>	<u>\$ (151)</u>

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES –
AGENCY FUNDS
SEPTEMBER 30, 2020
(IN THOUSANDS)

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
<u>City of Birmingham Revolving Loan Fund</u>				
Assets				
Cash and investments	\$ 1,200	\$ -	\$ (785)	\$ 415
	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ (785)</u>	<u>\$ 415</u>
Liabilities				
Due to other governments	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ (785)</u>	<u>\$ 415</u>
<u>Personnel Board Fund</u>				
Assets				
Cash and investments	\$ 179	\$ 6,642	\$ (6,695)	\$ 126
Accounts receivable, net	704	6,294	(6,386)	612
Due from other governments	676	35	-	711
	<u>\$ 1,559</u>	<u>\$ 12,971</u>	<u>\$ (13,081)</u>	<u>\$ 1,449</u>
Liabilities				
Accounts payable	\$ 205	\$ -	\$ (135)	\$ 70
Accrued employee expenses	1,354	6,116	(6,091)	1,379
	<u>\$ 1,559</u>	<u>\$ 6,116</u>	<u>\$ (6,226)</u>	<u>\$ 1,449</u>
<u>Emergency Management Agency Fund</u>				
Assets				
Cash and investments	\$ 668	\$ 1,614	\$ (1,209)	\$ 1,073
Other receivables	244	-	(145)	99
	<u>\$ 912</u>	<u>\$ 1,614</u>	<u>\$ (1,354)</u>	<u>\$ 1,172</u>
Liabilities				
Accounts payable	\$ 10	\$ 311	\$ (303)	\$ 18
Accrued employee expenses	107	310	(274)	143
Due to other governments	795	216	-	1,011
	<u>\$ 912</u>	<u>\$ 837</u>	<u>\$ (577)</u>	<u>\$ 1,172</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
Assets				
Cash and investments	\$ 2,047	\$ 8,256	\$ (8,689)	\$ 1,614
Accounts receivable, net	704	6,294	(6,386)	612
Other receivables	244	-	(145)	99
Due from other governments	676	35	-	711
	<u>\$ 3,671</u>	<u>\$ 14,585</u>	<u>\$ (15,220)</u>	<u>\$ 3,036</u>
Liabilities				
Accounts payable	\$ 215	\$ 311	\$ (438)	\$ 88
Accrued employee expenses	1,461	6,426	(6,365)	1,522
Due to other governments	\$ 1,995	\$ 216	\$ (785)	\$ 1,426
	<u>\$ 3,671</u>	<u>\$ 6,953</u>	<u>\$ (7,588)</u>	<u>\$ 3,036</u>

See independent auditors' report.

**JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
GENERAL FUND BY CATEGORY
SEPTEMBER 30, 2020
(IN THOUSANDS)**

ASSETS	General Fund	Uncertainty Fund	Catastrophic Fund	Budget Stabilization Fund	Economic Development Fund	Total General Fund
Cash and investments	\$ 114,870	\$ 12,061	\$ 12,053	\$ 12,000	\$ 21,025	\$ 172,009
Accounts receivable, net	1,301	-	-	-	-	1,301
Taxes receivable, net	93,606	-	-	-	-	93,606
Prepaid expenses and other current assets	200	-	-	-	-	200
Restricted assets	13,894	-	-	-	-	13,894
Advances due from (to) other funds	49,163	-	-	-	-	49,163
	<u>\$ 273,034</u>	<u>\$ 12,061</u>	<u>\$ 12,053</u>	<u>\$ 12,000</u>	<u>\$ 21,025</u>	<u>\$ 330,173</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 10,663	\$ -	\$ -	\$ -	\$ 64	\$ 10,727
Accrued wages and benefits	6,955	-	-	-	-	6,955
Due (from) to other governments	(4,135)	-	-	-	-	(4,135)
Estimated litigation liability	1,255	-	-	-	-	1,255
Estimated claims liability	1,173	-	-	-	-	1,173
Total Liabilities	15,911	-	-	-	64	15,975
Deferred Inflows of Resources						
Property taxes	75,933	-	-	-	-	75,933
Fund Balances						
Nonspendable	49,363	-	-	-	-	49,363
Restricted	13,894	-	-	-	-	13,894
Assigned	7,422	12,061	12,053	12,000	20,961	64,497
Unassigned	110,511	-	-	-	-	110,511
	<u>181,190</u>	<u>12,061</u>	<u>12,053</u>	<u>12,000</u>	<u>20,961</u>	<u>238,265</u>
	<u>\$ 273,034</u>	<u>\$ 12,061</u>	<u>\$ 12,053</u>	<u>\$ 12,000</u>	<u>\$ 21,025</u>	<u>\$ 330,173</u>

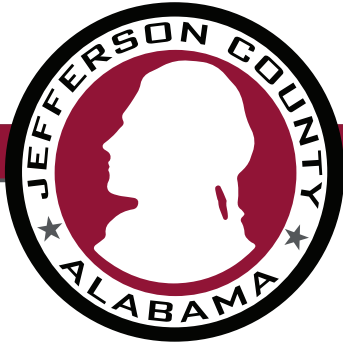
See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND BY CATEGORY
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(IN THOUSANDS)

	General Fund	Uncertainty Fund	Catastrophic Fund	Budget Stabilization Fund	Economic Development Fund	Total General Fund
Revenues						
Taxes	\$ 111,448	\$ -	\$ -	\$ -	\$ -	\$ 111,448
Licenses and permits	10,880	-	-	-	-	10,880
Intergovernmental	9,955	-	-	-	-	9,955
Charges for services, net	32,262	-	-	-	-	32,262
Miscellaneous	9,488	-	-	-	-	9,488
Interest and investment income	932	23	15	-	-	970
	<u>174,965</u>	<u>23</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>175,003</u>
Expenditures						
Current:						
General government	112,988	-	-	-	1,564	114,552
Public safety	58,538	-	-	-	-	58,538
Capital outlay	-	-	-	-	-	-
Indirect expenses	(6,228)	-	-	-	-	(6,228)
Debt service:						
Principal retirement	5	-	-	-	339	344
Interest and fiscal charges	3	-	-	-	661	664
	<u>165,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,564</u>	<u>167,870</u>
Excess (Deficiency) of Revenues over Expenditures	9,659	23	15	-	(2,564)	7,133
Other Financing Sources (Uses)						
Sale of capital assets	28	-	-	-	-	28
Transfers in	36,394	5,000	6,000	5,000	10,000	62,394
Transfers out	(8,385)	-	(1,000)	-	-	(9,385)
	<u>28,037</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>	<u>53,037</u>
Net Changes in Fund Balances	37,696	5,023	5,015	5,000	7,436	60,170
Fund Balances - Beginning of Year	143,494	7,038	7,038	7,000	13,525	178,095
Fund Balances - End of Year	<u>\$ 181,190</u>	<u>\$ 12,061</u>	<u>\$ 12,053</u>	<u>\$ 12,000</u>	<u>\$ 20,961</u>	<u>\$ 238,265</u>

See independent auditors' report.

STATISTICAL SECTION



Old Jefferson County Courthouse in 1907

FINANCIAL TRENDS

Schedule 1 - Net Position by Component

Last Ten Fiscal Years - Fiscal Year Ending September 30th
(In Thousands)

JCCAL Fiscal Year	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental Activities:										
Net Investment in Capital Assets	287,657	275,379	263,507	261,597	266,377	276,510	279,420	326,326	355,613	362,091
Restricted	191,898	234,899	224,766	229,802	229,372	305,345	171,381	181,451	203,557	184,342
Unrestricted	<u>(990,951)</u>	<u>(948,404)</u>	<u>(848,103)</u>	<u>(746,541)</u>	<u>(575,062)</u>	<u>(585,981)</u>	<u>(458,165)</u>	<u>(529,886)</u>	<u>(486,754)</u>	<u>(371,967)</u>
Total Governmental Activities Net Position	<u>(511,396)</u>	<u>(438,126)</u>	<u>(359,830)</u>	<u>(255,142)</u>	<u>(79,313)</u>	<u>(4,126)</u>	<u>(7,364)</u>	<u>(22,109)</u>	<u>72,416</u>	<u>174,466</u>
Business-Type Activities:										
Net Investment in Capital Assets	174,045	53,866	(108,422)	1,017,057 ¹	999,736	535,762	419,372	307,447	181,147	398,998
Restricted	74,615	70,633	149,080	274,382	320,525	368,329	377,618	369,012	394,063	21,165
Unrestricted	<u>(207,580)</u>	<u>(244,683)</u>	<u>(324,921)</u>	<u>(332,239)</u>	<u>(361,931)</u>	<u>(57,794)</u>	<u>(54,792)</u>	<u>(61,335)</u>	<u>(60,587)</u>	<u>(22,233)</u>
Total Business-Type Activities Net Position	<u>41,080</u>	<u>(120,184)</u>	<u>(284,263)</u>	<u>959,200</u>	<u>958,330</u>	<u>846,297</u>	<u>742,198</u>	<u>615,124</u>	<u>514,623</u>	<u>397,930</u>
Primary Government:										
Net Investment in Capital Assets	461,702	329,245	155,085	1,278,654	1,266,113	812,272	698,792	633,773	536,760	761,089
Restricted	266,513	305,532	373,846	504,184	549,897	673,674	548,999	550,463	597,620	205,507
Unrestricted	<u>(1,198,531)</u>	<u>(1,193,087)</u>	<u>(1,173,024)</u>	<u>(1,078,780)</u>	<u>(936,993)</u>	<u>(643,775)</u>	<u>(512,957)</u>	<u>(591,221)</u>	<u>(547,341)</u>	<u>(394,200)</u>
Total Primary Government Net Position	<u>(470,316)</u>	<u>(558,310)</u>	<u>(644,093)</u>	<u>704,058</u>	<u>879,017</u>	<u>842,171</u>	<u>734,834</u>	<u>593,015</u>	<u>587,039</u>	<u>572,396</u>

Source: JCC Finance Department Data (FY Audited Financial Data issued by Warren Averett CPA and Advisors)

¹ The increase in the Net Investment in Capital Assets was associated with the Sanitary Operations Fund reporting a \$1.3 billion increase over the prior year Net Position at September 30, 2013 of (\$334.0) million. Additional data associated with Jefferson County restructuring is reported in the FY2014 Audit Report dated March 24, 2015 by Warren Averett CPAs and Advisors.

FINANCIAL TRENDS

Schedule 2 - Changes in Net Position

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

JCCAL Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities Expenses:										
General Government	148,948	120,733	115,348	97,131	104,626	107,052	130,242	120,880	120,773	129,700
Public Safety	80,902	61,813	55,856	65,700	58,467	70,733	76,685	85,227	85,462	62,470
Highway and Roads	26,183	20,581	24,247	20,030	25,211	29,883	36,979	38,365	30,418	36,870
Health and Welfare	537	7	20	51,759	54,632	58,886	64,366	57,364	54,360	136,434
Environmental Services	2	-	-	-	-	-	-	-	-	-
Culture and Recreation	286	-	-	-	-	-	-	-	-	-
Education - Other	51	1	-	21,312	-	-	69,000	-	-	-
Community Development	-	-	-	-	-	6,871	5,514	4,805	5,811	9,675
Contributions to Other Entities	-	-	-	-	-	-	-	37,384	24,100	35,367
Interest and Fiscal Charges	52,369	48,662	48,203	42,062	38,021	33,405	30,347	18,919	15,463	14,603
Total Governmental Activities Expenses	309,278	251,797	243,674	297,994	280,957	306,830	413,133	362,944	336,387	425,119
Business-Type Activities Expenses:										
Cooper Green Hospital	99,654	92,638	73,249	-	-	-	-	-	-	-
Economic and Industrial Development Authority	978	894	907	871	934	868	1,006	1,196	970	1,471
Nursing Home Operations	13,201	7,303	4,875	-	-	-	-	-	-	-
Landfill Operations	3,069	2,184	5,545	3,063	2,870	3,293	3,430	1,761	4,384	1,983
Sanitary Operations	305,239	315,741	306,771	300,167	306,906	318,554	329,154	346,866	360,027	375,284
Total Business-Type Activities Expenses	422,141	418,760	391,347	304,101	310,710	322,715	333,590	349,823	365,381	378,738
Total Primary Government Expenses	731,419	670,557	635,021	602,095	591,667	629,545	746,723	712,767	701,768	803,857
Governmental Activities Revenues:										
Charges for Services	31,622	32,646	28,933	31,792	31,124	29,142	32,596	33,467	30,702	33,603
Operating Grants and Contributions	22,571	15,978	16,019	25,656	27,749	20,070	19,867	21,151	16,586	96,682
Capital Grants and Contributions	-	-	-	-	-	-	6,458	-	7,667	11,183
Total Governmental Activities Program Revenue	54,193	48,624	44,952	57,448	58,873	49,212	58,921	54,618	54,955	141,468
Business-Type Activities Revenues:										
Charges for Services	194,115	191,518	165,019	174,232	186,930	193,372	210,709	223,789	229,929	227,376
Operating Grants and Contributions	-	868	-	-	-	-	-	-	-	-
Capital Grants and Contributions:	-	-	-	-	-	-	7,180	10,027	12,366	10,300
Total Business-Type Activities Revenues	194,115	192,386	165,019	174,232	186,930	193,372	217,889	233,816	242,295	237,676
Total Primary Government Program Revenue	248,308	241,010	209,971	231,680	245,803	242,584	276,810	288,434	297,250	379,144
Total Net Primary Government	(483,111)	(429,547)	(425,050)	(370,415)	(345,864)	(386,961)	(469,913)	(424,333)	(404,518)	(424,713)
General Revenues and Transfers:										
Governmental Activities Revenue:										
Taxes:										
Property Taxes	103,524	101,923	97,041	103,833	101,769	105,814	109,506	111,931	114,503	123,649
Sales Taxes	163,912	173,792	171,364	180,291	186,349	191,022	204,634	219,428	218,092	226,346
Other Taxes	29,288	33,183	29,622	10,977	7,571	8,754	8,337	8,527	8,710	9,815
Licenses and Permits	17,830	7,610	11,201	12,207	11,222	13,878	11,815	12,824	13,243	12,959

FINANCIAL TRENDS

Schedule 2 - Changes in Net Position - Continued

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

JCCAL Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Unrestricted Investment Earnings	2,708	1,391	673	402	869	1,030	1,000	1,447	2,765	1,550
Miscellaneous	40,961	15,436	6,167	6,705	18,457	14,693	18,628	15,498	14,444	10,891
Contributions of Infrastructure Assets	-	-	-	-	-	-	-	-	7,352	491
Transfers	(56,184)	(52,140)	(39,050)	15,335	-	-	-	-	-	-
Transfers to Agency Funds	-	-	-	-	(2,458)	(2,386)	(2,946)	(3,113)	(3,152)	-
Total Governmental Activities Revenue	<u>302,039</u>	<u>281,195</u>	<u>277,018</u>	<u>329,750</u>	<u>323,779</u>	<u>332,805</u>	<u>350,974</u>	<u>366,542</u>	<u>375,957</u>	<u>385,701</u>
Business-Type Activities Revenue:										
Taxes:										
Property Taxes	4,702	5,841	5,712	5,996	5,956	5,726	6,309	6,441	6,564	7,213
Unrestricted Investment Earnings	1,451	1,642	12	427	1,065	3,725	2,009	486	13,343	13,597
Miscellaneous	11,211	35,578	17,475	1,820	3,211	2,160	3,284	2,597	2,678	3,559
Contributions of Infrastructure Assets	-	-	-	-	4,632	5,699	-	-	-	-
Transfers	56,184	52,140	39,050	(15,335)	-	-	-	-	-	-
Total Business-Type Activities Revenues	<u>73,548</u>	<u>95,201</u>	<u>62,249</u>	<u>(7,092)</u>	<u>14,864</u>	<u>17,310</u>	<u>11,602</u>	<u>9,524</u>	<u>22,585</u>	<u>24,369</u>
Total General Revenues and Transfers:	<u>375,587</u>	<u>376,396</u>	<u>339,267</u>	<u>322,658</u>	<u>338,643</u>	<u>350,115</u>	<u>362,576</u>	<u>376,066</u>	<u>398,542</u>	<u>410,070</u>
Extraordinary Item: Gain on Bankruptcy										
Governmental Activities	-	-	-	22,188	-	-	-	-	-	-
Business-Type Activities	-	-	-	1,405,919	-	-	-	-	-	-
Extraordinary Item: Gain on Bankruptcy	-	-	-	1,428,107	-	-	-	-	-	-
Change (Decrease) in Net Position:										
Governmental Activities	46,954	78,022	78,296	111,392	101,695	75,187	(3,238)	58,216	94,525	102,050
Business Type Activities	(154,478)	(131,173)	(164,079)	1,268,958	(108,916)	(112,033)	(104,099)	(106,483)	(100,501)	(116,693)
Total Change in Position	<u>(107,524)</u>	<u>(53,151)</u>	<u>(85,783)</u>	<u>1,380,350</u>	<u>(7,221)</u>	<u>(36,846)</u>	<u>(107,337)</u>	<u>(48,267)</u>	<u>(5,976)</u>	<u>(14,643)</u>
Net Position Beginning of Year	(349,829)	(470,316)	(558,310)	(644,093)	704,058	879,017	842,171	734,834	593,015	587,039
Prior Period Adjustments to Net Position	(12,963) ¹	(34,843) ²	-	(32,199) ³	182,180 ⁴	-	-	(93,552) ⁵	-	-
Governmental Activities	(5,945)	(4,752)	-	(6,704)	74,134	-	-	(72,961)	-	-
Business Type Activities	(7,018)	(30,091)	-	(25,495)	108,046	-	-	(20,591)	-	-
Net Position- Beginning of Year Restated	<u>(362,792)</u>	<u>(505,159)</u>	<u>(558,310)</u>	<u>(676,292)</u>	<u>886,238</u>	<u>879,017</u>	<u>842,171</u>	<u>641,282</u>	<u>593,015</u>	<u>587,039</u>
Fund Balances - End of Year	<u>(470,316)</u>	<u>(558,310)</u>	<u>(644,093)</u>	<u>704,058</u>	<u>879,017</u>	<u>842,171</u>	<u>734,834</u>	<u>593,015</u>	<u>587,039</u>	<u>572,396</u>

Source: JCC Finance Department Data (FY Audited Financial Data issued by Warren Averett CPA and Advisors)

¹ FY 2011 Note C - Restatements (Pg. 36): The beginning Net Position reported has been restated to correct various prior year errors. This includes the following reductions: -\$2,554 Other Post Employment Benefit Obligation, -\$10,334 Depreciation Expense, and -\$75 Other.

² FY 2012 Note C - Restatements (Pg. 33): The beginning Net Position reported has been restated to correct prior year errors. This includes the following reductions: -\$4,752 Deferred Grant Reimbursements and -\$30,091 Additional Accrued Interest.

³ FY 2014 Note B - Summary of Significant Accounting Policies (Pg. 34): The Commission adopted pronouncement GASB 65, this includes a reduction in Net Position of -\$32,199 related to Debt Issuance Cost.

⁴ FY 2015 Note B - Prior Period Adjustments (Pg. 41): The Commission adopted pronouncements GASB 68 and GASB 71, this includes a positive Net Position adjustment of \$89,574 related to Pension Benefits. Also, the beginning Net Position has been adjusted to include \$93,917 related to Donated Assets & -\$1,311 related to Motor Vehicle Taxes.

⁵ FY 2018 Note B - Significant New Accounting Pronouncements (Pg. 41): The Commission adopted pronouncement GASB 75, this includes a reduction in Net Position of -\$93,552 related to Other Postemployment Benefits.

FINANCIAL TRENDS

Schedule 3 - Fund Balances, Governmental Funds

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

JCCAL Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL FUND										
Nonspendable	16,199	16,646	18,848	19,034	27,324	24,324	21,141	56,539	50,195	49,363
Restricted	2,354	2,192	6,768	6,778	6,796	11,831	11,849	11,824	12,183	13,894
Committed	38,050	6,324	4,415	-	-	-	-	-	-	-
Assigned	14,435	33,861	22,268	-	11,794	9,541	12,544	30,685	39,713	64,497
Unassigned	8,341	29,043	67,236	102,183	76,578	76,117	84,554	54,998	76,004	110,511
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Fund	79,379	88,066	119,535	127,995	122,492	121,813	130,088	154,046	178,095	238,265
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	-	16,800	17,626	11,654	10,814	9,598	9,193	-	(18,289)	-
Restricted	204,687	206,873	200,601	187,561	199,552	201,072	55,888	52,921	68,817	22,754
Committed	20,271	15,472	1,159	-	-	-	-	-	-	-
Assigned	-	46,501	52,075	59,483	37,128	45,400	22,068	24,445	21,973	22,428
Unassigned	(14,435)	(33,861)	(22,268)	(6,525)	3,830	(16,505)	(10,565)	(5,294)	(16,112)	(49)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total All Other Governmental Funds	210,523	251,785	249,193	252,173	251,324	239,565	76,584	72,072	56,389	45,133
Total Governmental Fund Balance	289,902	339,851	368,728	380,168	373,816	361,378	206,672	226,118	234,484	283,398

Source: JCC Finance Department Data (FY Audited Financial Data issued by Warren Averett CPA and Advisors)

FINANCIAL TRENDS

Schedule 4 - Revenues, Expenditures, and Other Financial Sources (Uses)

All Governmental Fund Types

(In Thousands)

JCCAL Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES:										
Taxes	270,922	279,530	278,391	294,385	295,696	306,970	322,475	339,760	341,295	359,808
Licenses and Permits	17,830	7,610	11,201	12,207	11,222	13,878	11,815	12,824	13,243	12,959
Intergovernmental	48,373	45,346	35,657	25,656	27,742	20,070	23,542	21,151	24,253	107,865
Charges for Services, Net	31,622	32,646	28,933	31,792	31,333	29,142	32,596	33,467	30,702	33,603
Miscellaneous	46,740	5,428	5,972	8,109	18,212	13,286	16,463	15,225	10,881	10,891
Interest and Investment Income	2,708	1,391	673	402	869	1,030	1,000	1,447	2,765	1,550
TOTAL REVENUES	418,195	371,951	360,827	372,551	385,074	384,376	407,891	423,874	423,139	526,676
EXPENDITURES:										
Current:										
General Government	143,244	110,346	111,038	93,214	101,362	101,790	111,196	116,593	127,823	131,533
Public Safety	80,277	61,614	55,395	65,239	60,566	68,771	74,303	81,852	81,312	58,538
Highways and Roads	19,905	14,792	18,790	14,869	21,137	23,502	30,249	30,954	25,392	28,374
Health and Welfare	41	7	20	48,385	52,412	53,423	60,406	53,776	53,644	132,874
Environmental Services	-	-	-	-	-	-	-	-	-	-
Culture and Recreation	286	-	-	-	-	-	-	-	-	-
Education - other	51	1	-	21,312	-	-	69,000	-	-	-
Community Development	-	-	-	-	-	6,865	5,505	4,796	5,802	9,666
Capital Outlay	14,082	6,520	5,877	13,829	20,358	22,209	22,068	23,768	44,270	29,056
Indirect Expenses	(11,810)	(6,936)	(7,478)	(4,271)	(4,106)	(3,503)	(4,004)	(5,314)	(5,922)	(6,079)
Contributions to Other Entities	-	-	-	-	-	-	-	37,384	24,100	35,367
Debt Service:										
Principal Retirement	46,764	36,699	60,022	83,508	95,175	99,982	540,830	178,442	35,864	37,450
Interest and Fiscal Charges	54,979	53,683	50,181	44,594	39,796	35,990	36,252	29,746	22,841	23,115
TOTAL EXPENDITURES	347,819	276,726	293,845	380,679	386,700	409,029	945,805	551,997	415,126	479,894
Excess (deficiency) of revenues over (under) expenditures	70,376	95,225	66,982	(8,128)	(1,626)	(24,653)	(537,914)	(128,123)	8,013	46,782
Other Financing Sources (Uses)										
Sales of Capital Assets	1,213	2,186	947	120	137	1,407	2,165	320	3,505	2,132
Legal Insurance Settlements	-	8,475	-	-	-	-	-	-	-	-
Issuance of refunding warrants	-	-	-	-	-	-	338,925	138,175	-	-
Premium on warrants	-	-	-	-	-	-	45,064	13,209	-	-
Transfers to other government	-	-	-	-	-	-	-	-	-	-
Transfers In	63,335	46,935	50,360	37,565	40,277	38,350	430,186	225,241	163,998	149,168
Transfers Out	(119,575)	(98,120)	(89,410)	(39,952)	(42,735)	(40,736)	(433,132)	(229,376)	(167,150)	(149,168)
	(55,027)	(40,524)	(38,103)	(2,267)	(2,321)	(979)	383,208	147,569	353	2,132
Extraordinary Item: Gain on Bankruptcy	-	-	-	22,188 ⁵	-	-	-	-	-	-
Net Change In Fund Balances	15,349	54,701	28,879	11,793	(3,947)	(25,632)	(154,706)	19,446	8,366	48,914
Fund Balances - Beginning of Year	273,651	289,902	339,849 ³	368,375 ⁴	380,168	373,816	361,378	206,672	226,118	234,484
Prior Period Adjustments Governmental Funds	902 ¹	(4,752) ²	-	-	(2,405) ⁶	13,194 ⁷	-	-	-	-
Fund Balances - Beginning of Year Restated	274,553	285,150	339,849	368,375	377,763	387,010	361,378	206,672	226,118	234,484
Fund Balances - End of Year	289,902	339,851	368,728	380,168	373,816	361,378	206,672	226,118	234,484	283,398

FINANCIAL TRENDS

Schedule 4 - Revenues, Expenditures, and Other Financial Sources (Uses) - Continued

All Governmental Fund Types

(In Thousands)

JCCAL Fiscal Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ratio of Total Debt Service to Noncapital Expenditures:	30.49%	33.45%	38.27%	34.92%	36.84%	35.15%	62.47%	39.41%	15.83%	13.86%

Source: JCC Finance Department Data (FY Audited Financial Data issued by Warren Averett CPA and Advisors)

¹ FY 2011 Note C - Restatements (Pg. 37): The beginning Fund Balance reported has been restated to correct various py errors. This includes the following adjustments to Fund Balance: \$2,919 Estimated Claims Liability, - \$1,537 Indirect Cost Allocation, and -\$480 Other.

² FY 2012 Note C - Restatements (Pg. 33): The beginning Fund Balance reported has been restated to include a reduction of -\$4,752 related to Deferred Grant Reimbursements.

³ FY 2013: The beginning balance in 2013 is \$2 less than the ending balance in 2012. This is related to the Indigent Care Fund.

⁴ FY 2014 Note B - Summary of Significant Accounting Policies (Pg. 42): The beginning balance in 2014 is \$353 less than the ending balance in 2013. This is related to the re-allocation of the Emergency Mgmt. Fund in 2014 as a separate Agency Fund.

⁵ FY 2014 the Commission filed Chapter 9 Bankruptcy. With the bankruptcy confirmation, the Commission retired certain warrant series and issued new warrants. The entire Sewer Revenue Warrant Series (totaling \$3,107,518 as of December 3, 2013) was retired as well as the GO Series 2001-B Warrants (totaling \$105,000 as of December 3, 2013). The Series 2013 Sewer Warrants totaling \$1,785,486 and Series 2013 GO Warrants of \$105,000 were issued as of December 3, 2013. The Commission realized a net gain on the bankruptcy restructuring of the sewer warrants of approximately \$1,406,000, net of various settlement costs. The Commission also realized a net gain on the bankruptcy restructuring of the GO 2001-B Warrants of approximately \$22,188 net of various settlement costs.

⁶ FY 2015 Note B - Prior Period Adjustments (Pg. 41): The beginning Fund Balance has been adjusted to include -\$1,094 related to Long Term Loans and -\$1,311 related to Motor Vehicle Taxes.

⁷ FY 2016 Note B - Prior Period Adjustments (Pg. 40): The beginning Fund Balance has been adjusted to exclude Accrued Interest \$5,974 and liabilities related to Accrued Compensated Absences \$7,220.

REVENUE CAPACITY

Schedule 5 - Sales and Use Tax Revenues

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Sales and Use Tax Revenue										
General	\$ 91,362	\$ 96,507	\$ 97,380	\$ 99,183	\$ 104,513	\$ 102,752	\$ 111,339	\$ 120,361	\$ 114,549	\$ 117,379
Education	90,914	97,613	96,613	100,377	103,732	104,844	103,490	4,795	-	-
Special Revenue	-	-	-	-	-	-	7,173	115,048	115,984	113,537
Simplified Sellers	-	-	-	-	-	-	1,881	2,714	5,493	10,196
	<u>\$ 182,276</u>	<u>\$ 194,120</u>	<u>\$ 193,993</u>	<u>\$ 199,560</u>	<u>\$ 208,246</u>	<u>\$ 207,596</u>	<u>\$ 223,883</u>	<u>\$ 242,917</u>	<u>\$ 236,026</u>	<u>\$ 241,113</u>
Percentage Change from Prior Year	5.42%	6.50%	-0.07%	2.87%	4.35%	-0.31%	7.85%	8.50%	-2.84%	2.16%

Source: Jefferson County Revenue Director represents the gross collections from the one-cent general sales and use tax and the one-cent education sales tax reported on a cash basis. The Jefferson County Revenue Department does not provide data by industry type.

* Pursuant to Act No. 2015-226 adopted by the Alabama Legislature, the levy of the Education Sales and Use Tax was canceled simultaneously with the issuance of the county's Limited Obligation Refunding Warrants, Series 2017 and the levy of the Special Revenue Sales and Use Tax on July 31, 2017.

* The Special Revenue Sales and Use Tax was first levied on August 1, 2017 and is collected a month in arrears. The amount provided above for fiscal year 2017 reflects one month's collections.

REVENUE CAPACITY

Schedule 6 - Sales and Use Tax Revenues To Total Taxes

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Breakdown of Tax Revenue:										
Sales and Use Tax	\$ 182,285	\$ 194,127	\$ 194,000	\$ 194,913	\$ 211,148	\$ 207,606	\$ 223,893	\$ 242,930	\$ 236,026	\$ 241,113
Property Tax	105,689	105,092	106,496	105,705	108,070	112,732	114,680	117,735	121,227	134,217
Business Licenses	9,212	5,911	7,452	8,371	7,488	7,945	8,155	8,845	8,915	8,408
Total Taxes	<u>\$ 297,186</u>	<u>\$ 305,130</u>	<u>\$ 307,948</u>	<u>\$ 308,989</u>	<u>\$ 326,706</u>	<u>\$ 328,283</u>	<u>\$ 346,728</u>	<u>\$ 369,510</u>	<u>\$ 366,168</u>	<u>\$ 383,738</u>
% of Sales & Use to Total Taxes	61.34%	63.62%	63.00%	63.08%	64.63%	63.24%	64.57%	65.74%	64.46%	62.83%

Source: Jefferson County Tax Collector and Jefferson County Revenue Director

REVENUE CAPACITY

Schedule 7 - Jefferson County Ten Largest Special Revenue Sales and Use Tax Payors

Last Ten Fiscal Years - Fiscal Year Ending September 30th

Fiscal Year Ending September 30	Total Amount Collected	Percentage of Total Amount Collected
2017	\$ 1,498,235	20.89%
2018	19,651,558	17.08%
2019	21,926,938	18.91%
2020	25,739,763	22.67%

Source: Jefferson County Revenue Department.

The Special Revenue Sales and Use Tax was first levied on August 1, 2017 and is collected a month in arrears. The amount provided above for fiscal year 2017 reflects one month's collections.

REVENUE CAPACITY

Schedule 8 - Jefferson County Ad Valorem Tax Revenue

Last Ten Fiscal Years - Fiscal Year Ending September 30th

Fiscal Year Ended September 30	General Tax (5.6 mills)¹	Sewer Tax (0.7 mills)	Public Buildings, Bridges and Roads (5.1 mills)	Rural Roads (2.1 mills)⁽²⁾
2011	\$ 39,100,453	\$ 5,620,837	\$ 40,374,098	\$ 16,780,513
2012	39,935,134	5,635,766	40,419,390	16,775,630
2013	38,353,976	5,620,979	40,260,285	16,721,178
2014	39,065,798	5,561,248	40,380,950	16,641,498
2015	36,514,904	5,454,528	39,727,570	16,356,708
2016	35,725,294	5,323,850	38,207,090	15,852,105
2017	39,732,959	5,780,605	42,123,580	17,343,419
2018	40,809,458	5,929,372	43,208,439	17,789,926
2019	42,238,337	6,122,740	44,619,166	18,370,425
2020	44,688,901	6,496,513	46,088,276	19,233,552

Source: Jefferson County Tax Collector

Figures do not include (i) ad valorem tax revenues from motor vehicles or (ii) ad valorem tax revenues resulting from delinquent ad valorem collections.

¹ Net of amounts required to be deducted from the 5.6 mill tax proceeds for certain purposes, including, among others, payments to The Birmingham-Jefferson County Transit Authority, the Jefferson County Department of Health and the State Mapping and Reappraisal Program.

² Approximately one half of the ad valorem tax revenue resulting from the Rural Roads tax is returned to municipalities via a "Road Tax Distribution."

REVENUE CAPACITY

Schedule 9 - Property Taxes Levied and Collections

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

Tax Year Ended September 30¹	Total Net Tax Levy²	Current Tax Collection	Percent of Levy Collected³	Delinquent Tax Collections	Total	Percent of Total Tax Collection to Tax Levy
2020	\$ 741,487	\$ 706,909	95.34%	\$ 8,281	\$ 715,191	96.45%
2019	649,100	639,433	98.51%	8,022	647,456	99.75%
2018	628,709	617,697	98.25%	8,427	626,124	99.59%
2017	613,117	600,525	97.95%	9,590	610,115	99.51%
2016	597,336	580,276	97.14%	10,161	590,437	98.85%
2015	565,752	556,568	98.38%	8,780	565,348	99.93%
2014	550,902	540,580	98.13%	7,552	548,133	99.50%
2013	542,537	532,280	98.11%	7,768	540,048	99.54%
2012	553,608	540,707	97.67%	5,961	546,668	98.75%
2011	563,149	539,061	95.72%	6,669	545,731	96.91%
2010	571,239	556,700	97.45%	4,686	561,386	98.28%

Source: Jefferson County Tax Assessor/Collector and the Revenue Office

¹Taxes collected in each fiscal year represent the taxes levied in the prior fiscal year, as taxes are collected in arrears.

²Increased Total Net Tax Levy for Tax Year Ended September 30, 2020 reflects property reappraisals completed by the Board of Equalization for such Tax Year.

³The COVID-19 pandemic contributed to decreased percentage of levy collected for tax year ended September 30, 2020.

REVENUE CAPACITY

Schedule 10 - Assessed Value and Estimated True Value of All Taxable Property

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

Tax Year Ending 30-Sep	Class 1*		Class 2*		Class 3*		Class 4**		Total		Ratio of Assessed Value to Estimated True Value	Total Direct Rate
	Property of Utilities		All Unclassified Real / Personal		Agriculture, Forest, Residential, Historic		Motor Vehicles		Assessed Value ²	Estimated True Value ¹		
	Assessed Value ²	Estimated True Value ¹	Assessed Value ²	Estimated True Value ¹	Assessed Value ²	Estimated True Value ¹	Assessed Value ²	Estimated True Value ¹				
2011	710,847	2,473,937	4,614,861	23,455,470	2,568,362	20,844,149	846,704	5,644,698	8,740,773	52,418,254	16.68%	1.35
2012	735,256	2,369,488	4,420,469	23,034,592	2,448,505	20,841,715	914,057	6,093,715	8,518,287	52,339,510	16.28%	1.35
2013	759,983	2,450,854	4,671,454	22,894,924	2,473,713	24,485,047	947,476	6,316,510	8,852,625	56,147,335	15.77%	1.35
2014	754,284	2,533,277	4,823,545	23,332,367	2,473,713	24,560,565	955,622	6,370,819	9,007,163	56,797,028	15.86%	1.35
2015	749,937	2,514,279	5,081,132	24,084,601	2,543,286	24,737,125	970,132	6,467,553	9,344,487	57,803,558	16.17%	1.35
2016	755,801	2,499,789	5,195,420	25,380,377	2,627,198	25,432,862	1,037,058	6,913,723	9,615,477	60,226,751	15.97%	1.35
2017	768,574	2,519,335	5,281,482	25,945,977	2,705,295	26,271,980	1,027,164	6,847,764	9,782,515	61,585,056	15.88%	1.35
2018	782,337	2,561,914	5,400,223	26,383,047	2,842,460	27,052,948	971,568	6,477,122	9,996,587	62,475,031	16.00%	1.35
2019	795,622	2,607,788	6,467,939	26,971,258	3,069,053	28,424,596	988,424	6,589,494	11,321,039	64,593,136	17.53%	1.35
2020	835,428	2,652,073	6,477,973	32,311,206	3,218,597	30,690,534	979,906	6,532,712	11,511,904	72,186,525	15.95%	1.35

Source: *Jefferson County Tax Assessor and **Jefferson County Revenue Director

¹Estimated True Value is calculated based on the following percentages:

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

²Assessed Values are reported as net assessments after exemptions and penalties applied as reported on the Tax Assessor's abstract

REVENUE CAPACITY

Schedule 11 - Principal Property Taxpayers (Jefferson County Only)

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

Assessed Entity	Fiscal Year Ended September 30, 2020 ³			Fiscal Year Ended September 30, 2011		
	Total Assessed ¹ Value of Property Within County Limits	Rank	% of Total Assessed Valuation	Total Assessed ² Value of Property Within County Limits	Rank	% of Total Assessed Valuation
Alabama Power CO	726,986	1	6.90%	552,184	1	6.99%
Realty Income Properties 29 LLC	113,974	2	1.08%			
Bellsouth Telecommunications LLC	81,697	3	0.78%			
Affinity Hospital LLC	81,027	4	0.77%			
United States Steel CORP Tax Division	81,001	5	0.77%	103,925	3	1.32%
Wells Fargo Bank National Association	58,648	6	0.56%	28,119	8	0.36%
Gestamp Alabama INC	54,684	7	0.52%			
Norfolk Southern Combined Rail	49,628	8	0.47%			
AT & T Services	41,079	9	0.39%			
American Cast Iron Pipe CO	36,846	10	0.35%	42,244	5	0.54%
Alabama Gas Corp				35,325	6	0.45%
AT&T Property Tax Group				157,740	2	2.00%
GSA Birmingham Realty				29,021	7	0.37%
Hoover Mall Limited LP				28,014	9	0.35%
Regions Bank				89,969	4	1.14%
Compass Bank				25,425	10	0.32%
	<u>\$ 1,325,570</u>		<u>12.59%</u>	<u>\$ 1,091,966</u>		<u>13.83%</u>

Source: Jefferson County Tax Assessor

¹Total 2020 assessed value of property within county limits reflected \$10,531,999 (excludes Class 4-Motor Vehicles) on the net abstract.

²Total 2011 assessed value of property within county limits reflected \$7,894,069 (excludes Class 4-Motor Vehicles) on the net abstract.

³Tax year versus fiscal year end variances.

REVENUE CAPACITY

Schedule 12 - Property Taxes - Direct and Overlapping Governments

Jefferson County, Alabama

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(Per \$100 of Assessed Value)

OVERLAPPING TAX RATES

Fiscal Year	Jefferson County				City of Birmingham			State of Alabama	Total Direct & Overlapping
	Direct County Government	County Schools	Special Schools	County Total	Municipal Tax	BOE School	City Total		
2011	1.35	0.82	2.19	4.36	2.85	1.28	4.13	0.65	9.14
2012	1.35	0.82	2.19	4.36	2.85	1.28	4.13	0.65	9.14
2013	1.35	0.82	2.19	4.36	2.85	1.28	4.13	0.65	9.14
2014	1.35	0.82	2.19	4.36	2.85	1.28	4.13	0.65	9.14
2015	1.35	0.82	2.19	4.36	2.85	1.58	4.43	0.65	9.44
2016	1.35	0.82	2.19	4.36	2.85	1.58	4.43	0.65	9.44
2017	1.35	0.82	2.19	4.36	2.85	1.58	4.43	0.65	9.44
2018	1.35	0.82	2.19	4.36	2.85	1.58	4.43	0.65	9.44
2019	1.35	0.82	2.19	4.36	2.85	1.58	4.43	0.65	9.44
2020	1.35	0.82	2.19	4.36	2.85	1.58	4.43	0.65	9.44

OVERLAPPING TAX RATES

Fiscal Year	Jefferson County				City of Vestavia Hills			State of Alabama	Total Direct & Overlapping
	Direct County Government	County Schools	Special Schools	County Total	Municipal Tax	BOE School	City Total		
2011	1.35	0.82	2.19	4.36	4.93	1.51	6.44	0.65	11.45
2012	1.35	0.82	2.19	4.36	4.93	1.51	6.44	0.65	11.45
2013	1.35	0.82	2.19	4.36	4.93	1.51	6.44	0.65	11.45
2014	1.35	0.82	2.19	4.36	4.93	1.51	6.44	0.65	11.45
2015	1.35	0.82	2.19	4.36	4.93	1.51	6.44	0.65	11.45
2016	1.35	0.82	2.19	4.36	4.93	1.51	6.44	0.65	11.45
2017	1.35	0.82	2.19	4.36	4.93	1.51	6.44	0.65	11.45
2018	1.35	0.82	2.19	4.36	4.93	1.51	6.44	0.65	11.45
2019	1.35	0.82	2.19	4.36	4.93	1.51	6.44	0.65	11.45
2020	1.35	0.82	2.19	4.36	4.93	1.51	6.44	0.65	11.45

REVENUE CAPACITY

Schedule 12 - Property Taxes - Direct and Overlapping Governments - Continued

Jefferson County, Alabama

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(Per \$100 of Assessed Value)

OVERLAPPING TAX RATES

Fiscal Year	Jefferson County				City of Mountain Brook			State of Alabama	Total Direct & Overlapping
	Direct County Government	County Schools	Special Schools	County Total	Municipal Tax	BOE School	City Total		
2011	1.35	0.82	2.19	4.36	4.67	3.41	8.08	0.65	13.09
2012	1.35	0.82	2.19	4.36	4.67	3.41	8.08	0.65	13.09
2013	1.35	0.82	2.19	4.36	4.67	3.41	8.08	0.65	13.09
2014	1.35	0.82	2.19	4.36	4.67	3.41	8.08	0.65	13.09
2015	1.35	0.82	2.19	4.36	4.67	3.41	8.08	0.65	13.09
2016	1.35	0.82	2.19	4.36	4.67	3.41	8.08	0.65	13.09
2017	1.35	0.82	2.19	4.36	4.67	3.41	8.08	0.65	13.09
2018	1.35	0.82	2.19	4.36	4.67	3.41	8.08	0.65	13.09
2019	1.35	0.82	2.19	4.36	4.67	3.41	8.08	0.65	13.09
2020	1.35	0.82	2.19	4.36	4.67	3.41	8.08	0.65	13.09

OVERLAPPING TAX RATES

Fiscal Year	Jefferson County				City of Hoover			State of Alabama	Total Direct & Overlapping
	Direct County Government	County Schools	Special Schools	County Total	Municipal Tax	BOE School	City Total		
2011	1.35	0.82	2.19	4.36	3.17	1.51	4.68	0.65	9.69
2012	1.35	0.82	2.19	4.36	3.17	1.51	4.68	0.65	9.69
2013	1.35	0.82	2.19	4.36	3.17	1.51	4.68	0.65	9.69
2014	1.35	0.82	2.19	4.36	3.17	1.51	4.68	0.65	9.69
2015	1.35	0.82	2.19	4.36	3.17	1.51	4.68	0.65	9.69
2016	1.35	0.82	2.19	4.36	3.17	1.51	4.68	0.65	9.69
2017	1.35	0.82	2.19	4.36	3.17	1.51	4.68	0.65	9.69
2018	1.35	0.82	2.19	4.36	3.17	1.51	4.68	0.65	9.69
2019	1.35	0.82	2.19	4.36	3.17	1.51	4.68	0.65	9.69
2020	1.35	0.82	2.19	4.36	3.17	1.51	4.68	0.65	9.69

Source: Jefferson County Tax Assessor/ Code of Alabama 1975 Title 40 section 40-5-9

Tax Due Date: October 1

Delinquent Date: January 1

Discounts Allowed: None

Tax Sale Date: Usually May or June

DEBT CAPACITY

Schedule 13 - Jefferson County Debt Ratios

Last Ten Fiscal Years - Fiscal Year Ending September 30th

Population ¹		658,573
Assessed Value of Taxable Property as of September 30, 2020 ²	\$	11,511,904,180
General Obligation Debt Outstanding as of September 30, 2020	\$	106,310,000
General Obligation Debt Per Capita	\$	161.42
Ratio of General Obligation Debt to Assessed Value		0.92%

¹ Source: 2019 US Census Bureau population data for Jefferson County, Alabama

² Source: Jefferson County Tax Assessor and Jefferson County Revenue Department

DEBT CAPACITY

Schedule 14 - Ratios of Outstanding Debt by TypeLast Ten Fiscal Years - Fiscal Year Ending September 30th
(In Thousands)

Fiscal Year	Governmental Funds			Business-Type Activities				Total Outstanding Debt	Aggregate Income	Percentage of Personal Income	County Population	Outstanding Debt Per Capita (In Dollars)
	General Obligation Warrants ²	Lease Revenue Warrants	Limited Obligation Warrants	Sewer Revenue Warrants ²	Component Unit Bonds	Capital Leases	Funding Agreements					
2011	200,520	82,500	814,075	3,135,978	1,850	1,041	-	4,235,964	28,679,713	14.77%	658,215	\$ 6,437
2012	200,520	78,370	781,560	3,107,518	415	695	-	4,169,078	30,086,864	13.86%	658,109	\$ 6,335
2013 ¹	200,520	74,015	726,110	3,107,518	-	393	-	4,108,556	29,706,376	13.83%	658,061	\$ 6,232
2014	181,855	69,425	666,110	1,821,205	-	153	-	2,738,748	30,897,715	8.86%	659,265	\$ 4,150
2015	162,420	64,585	595,475	1,867,336	-	167	-	2,689,983	32,467,641	8.29%	659,972	\$ 4,073
2016	145,385	59,480	517,785	1,914,656	-	167	-	2,637,473	32,979,113	8.00%	660,455	\$ 3,994
2017	127,720	54,100	338,925	1,960,664	-	167	-	2,481,576	34,907,850	7.11%	660,343	\$ 3,762
2018	150,640	-	330,720	2,005,052	-	4,595	17,810	2,508,817	36,644,708	6.85%	659,599	\$ 3,804
2019	128,195	-	320,165	2,052,555	13,000	6,773	17,484	2,538,172	37,755,657	6.72%	659,429	\$ 3,849
2020	106,310	-	309,080	2,118,942	13,000	8,537	17,145	2,573,014	N/A	N/A	658,573	\$ 3,907

Source: JCC Finance Department Data (FY20 Audited Financial Data), Aggregate & Per Capita Income from Bureau of Economic Analysis report CAINC1 Personal Income Summary, as of November 17, 2020 updated release, and Population data from 2019 US Census Bureau data for Jefferson County, Alabama

¹ During the Jefferson County Bankruptcy Plan of Adjustment, finalized December 13, 2013, the County refunded portions of the debt.

² The 2018 BJCC Limited Funding Agreement was issued under Alabama Constitutional Amendment 772, which allows certain economic development loans to be exempt from the General Obligations of the County, and is therefore excluded from the County's reported debt outstanding. As of September 30, 2020 the remaining planned outlays total \$28,000.

DEBT CAPACITY

Schedule 15 - Ratios of Net General Bonded Debt to Estimated True Value and Net Bonded Debt Per Capita

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

Fiscal Year	County Population	Estimated True Value ¹	General Bonded Debt ²	Less Bond Reserve Fund Balance ³	Net General Bonded Debt	Ratio of Net Bonded Debt To Estimated True Value	Net Bonded Debt Per Capita (In Dollars)
2011	658,215	52,418,254	4,235,964	102,296	4,133,668	7.89%	\$ 6,281
2012	658,109	52,339,510	4,169,078	86,466	4,082,612	7.80%	\$ 6,204
2013	658,061	56,147,335	4,108,556	105,395	4,003,161	7.13%	\$ 6,072
2014	659,265	56,797,028	2,738,748	106,428	2,632,320	4.63%	\$ 3,989
2015	659,972	57,803,558	2,689,983	100,471	2,589,512	4.48%	\$ 3,921
2016	660,455	60,226,751	2,637,473	105,407	2,532,066	4.20%	\$ 3,834
2017	660,343	61,585,056	2,481,576	12,995	2,468,581	4.01%	\$ 3,743
2018	659,599	62,475,031	2,508,817	14,215	2,494,602	3.99%	\$ 3,782
2019	659,429	64,593,136	2,538,172	-	2,538,172	3.93%	\$ 3,849
2020	658,573	72,186,525	2,573,014	-	2,573,014	3.56%	\$ 3,907

¹ See Schedule 10 "Assessed Value and Estimated True Value of All Taxable Property"² Includes General Obligation Warrants, Limited Obligation Warrants, Lease Revenue Warrants, Sewer Revenue Warrants, Capital Leases, and Bonded Debts of Component Units.³ Includes Limited Obligation School Warrants 2004A and 2005A&B Reserve Funds (refunded by Limited Obligation Refunding Warrants Series 2017), as well as other amounts held in trust for the purpose of repaying Warrants Principal.

DEBT CAPACITY

Schedule 16 - Estimated Constitutional Debt Margin

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net Assessed Value of Real and Personal Property ¹	\$ 8,740,773	\$ 8,518,287	\$ 8,852,625	\$ 9,007,163	\$ 9,344,487	\$ 9,615,477	\$ 9,782,515	\$ 9,996,587	\$ 11,321,039	\$ 11,511,904
Constitutional Debt Limit (5% of Assessed Value) ²	437,039	425,914	442,631	450,358	467,224	480,774	489,126	499,829	566,052	575,595
Outstanding General Obligation Bonds, Warrants, and Leases	4,235,964	4,169,078	4,108,556	2,738,748	2,689,983	2,637,473	2,481,576	2,491,007	2,520,688	2,555,869
(Less) Exemption for School and Sewer Debt ²	<u>(4,034,403)</u>	<u>(3,967,863)</u>	<u>(3,907,643)</u>	<u>(2,556,740)</u>	<u>(2,527,396)</u>	<u>(2,491,921)</u>	<u>(2,353,689)</u>	<u>(2,335,772)</u>	<u>(2,385,720)</u>	<u>(2,441,022)</u>
Total Applicable Debt:	<u>201,561</u>	<u>201,215</u>	<u>200,913</u>	<u>182,008</u>	<u>162,587</u>	<u>145,552</u>	<u>127,887</u>	<u>155,235</u>	<u>134,968</u>	<u>114,847</u>
Constitutional Debt Margin	<u>\$ 235,478</u>	<u>\$ 224,699</u>	<u>\$ 241,718</u>	<u>\$ 268,350</u>	<u>\$ 304,637</u>	<u>\$ 335,222</u>	<u>\$ 361,239</u>	<u>\$ 344,594</u>	<u>\$ 431,084</u>	<u>\$ 460,748</u>
Ratio of Outstanding Debt to Constitutional Debt Limit:	46.12%	47.24%	45.39%	40.41%	34.80%	30.27%	26.15%	31.06%	23.84%	19.95%

¹ See Schedule 10 "Assessed Value and Estimated True Value of All Taxable Property"² Section 224 of the Constitution of the State of Alabama limits the indebtedness of Counties to 5% of the assessed value of taxable property in the County. Debts issued for schools and sewers are excluded from this limit. Likewise, obligations such as the Birmingham Jefferson Civic Center Authority Funding Agreement Series 2018E (see Schedule 28) are exempt from consideration for purposes of the Constitutional Debt Limit pursuant to Amendment 772 of the Alabama Constitution.

DEBT CAPACITY

Schedule 17 - Pledged-Revenue Coverage for Sewer Revenue Bonds

Last Ten Fiscal Years - Fiscal Year Ending September 30th

(In Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Sanitary Operations Fund Gross Revenues	163,298	194,602	161,463	181,235	199,430	209,285	227,709	241,600	263,296	259,175
Less: Net Operating Expenses	<u>60,730</u>	<u>58,051</u>	<u>57,835</u>	<u>53,029</u>	<u>50,213</u>	<u>56,707</u>	<u>63,068</u>	<u>73,906</u>	<u>81,301</u>	<u>91,226</u>
Net Revenues ¹	<u>102,568</u>	<u>136,551</u>	<u>103,628</u>	<u>128,206</u>	<u>149,217</u>	<u>152,578</u>	<u>164,641</u>	<u>167,694</u>	<u>181,995</u>	<u>167,949</u>
Debt Service:										
Series 2013 Senior Lien Principal	-	-	-	-	-	-	-	-	-	-
Series 2013 Senior Lien Interest	-	-	-	<u>17,442</u>	<u>21,071</u>	<u>21,071</u>	<u>21,071</u>	<u>21,071</u>	<u>21,071</u>	<u>21,071</u>
Series 2013 Senior Lien Debt Service ²	-	-	-	17,442	21,071	21,071	21,071	21,071	21,071	21,071
Prior Sewer Warrant Debt Service	97,624	111,876	104,304	10,993	-	-	-	-	-	-
Series 2013 Subordinate Lien Principal	-	-	-	-	2,285	7,345	12,995	14,215	-	-
Series 2013 Subordinate Lien Interest	-	-	-	<u>42,330</u>	<u>51,137</u>	<u>51,023</u>	<u>50,656</u>	<u>50,006</u>	<u>49,295</u>	<u>49,295</u>
Series 2013 Subordinate Lien Debt Service ²	-	-	-	42,330	53,422	58,368	63,651	64,221	49,295	49,295
Total Debt Service	<u>97,624</u>	<u>111,876</u>	<u>104,304</u>	<u>70,765</u>	<u>74,493</u>	<u>79,439</u>	<u>84,722</u>	<u>85,292</u>	<u>70,366</u>	<u>70,366</u>
Senior Debt Coverage Ratio ² :	N/A	N/A	N/A	7.35	7.08	7.24	7.81	7.96	8.64	7.97
All-in Debt Coverage Ratio ² :	1.05	1.22	0.99	1.81	2.11	2.08	2.12	1.99	2.15	2.38

Source: JCC Finance Department Data (FY Audited Financial Data issued by Warren Averett CPA and Advisors)

¹ Net Revenues is defined in the 2013 Sewer Indenture as the excess of System Revenues, income and gains from the Sewer System over expenses (including Operating Expenses to the extent in excess of Sewer Tax Proceeds), and losses from the Sewer System for the fiscal year, but excluding debt service paid on all Secured Obligations, amounts payable on unsecured obligations, expenditures for capital improvements, depreciation and amortization, unrealized gains or losses on investments and other non-cash expenses and customer security deposits.

² The 2013 Sewer Indenture includes two debt service coverage ratio requirements: Senior Debt Ratio – Net Revenues for the fiscal year must be not less than 125% of debt service requirements on Senior Lien Obligations payable during such fiscal year. All-In Debt Ratio – Net Revenues for the fiscal year must be not less than 110% of debt service requirements on all Secured Obligations payable during such fiscal year.

DEMOGRAPHIC AND ECONOMIC INFORMATION
Schedule 18 - Demographic and Economic Statistics
 Last Ten Fiscal Years - Fiscal Year Ending September 30th

Year	Jefferson County				Birmingham Hoover
	Population*	Median Household Income**	Per Capita Personal Income**	County Unemployment Rate***	MA Annual Average Unemployment Rate
2011	658,215	47,819	29,504	7.5	8.3
2012	658,109	49,038	28,783	6.7	7.0
2013	658,061	49,481	29,922	6.2	5.9
2014	659,265	48,260	28,143	5.4	6.0
2015	659,972	52,328	30,619	5.6	5.5
2016	660,455	53,460	32,679	5.3	5.4
2017	660,343	52,886	32,012	3.4	4.0
2018	659,599	56,207	32,257	3.2	3.5
2019	659,429	53,944	32,561	2.3	2.7
2020	658,573	-	-	4.6	5.9

*2019 US Census Bureau population data for Jefferson County, Alabama

**2020 Department of Numbers data for Jefferson County, Alabama

***Federal Reserve Bank (FRED) of St. Louis, Economic Research

¹2020 County Income Data (including Jefferson County Median Income) will be released in September 2021.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Schedule 19 - Principal Private Sector Employers

Last Ten Fiscal Years - Fiscal Year Ending September 30th

Employer	Product	Presence	2020			2011		
			# of Employees	% of Total Employment	Rank	# of Employees	% of Total Employment	Rank
University of Alabama/Birmingham	Education and health care services	Headquarters	23,000	8%	1	18,619	6%	1
Regions Financial System	Financial Services, banking, corporate headquarters	Headquarters	9,000	3%	2	6,000	2%	2
St Vincent Health System	Health Care services, hospital network serving metro B'ham	Headquarters	5,100	2%	3	4,662	2%	5
Children's Health System	Health Care services, regional specialized health care	Headquarters	5,000	2%	4	3,744	1%	10
AT&T	Telecommunications, regional operate	Regional	4,517	2%	5	5,750	2%	3
Honda Manufacturing of Al	Manufacturing, vehicle assembly plant	Regional	4,500	2%	6	4,800	1%	8
Brookwood Baptist Health	Health Care Services, management	Headquarters	4,459	2%	7	4,410	2%	7
Jeff Co Board of Education	Government, public education	Headquarters	4,400	2%	8	4,800	2%	4
City of Birmingham	Government, city administration	Headquarters	4,200	2%	9	4,565	2%	6
Mercedes Benz	Manufacturing, vehicle assembly plant	Regional	3,600	1%	10			
Alabama Power	Utility Services, electrical	Headquarters	-	0%	N/A	3,811	1%	9

Source: JCC Budget Management Office (Total Jefferson County Employee Count: 2011-292,240 and 2020-273,547)

OPERATING INFORMATION

Schedule 20 - Number of County Employees by Function/Program

Last Ten Fiscal Years - Fiscal Year Ending September 30th

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Commission	22	20	21	21	20	22	20	20	20	20
County Manager		3	3	3	6	7	18	19	14	8
Probate Court	54	38	44	46	46	46	55	56	56	54
Family Court	94	86	80	82	83	83	83	84	86	80
State Courts	65	60	61	64	55	55	53	54	51	51
District Attorney	99	71	39	39	39	39	41	44	46	43
Law Library	3	3	3	3	3	3	3	4	4	4
Finance	56	46	33	35	32	35	37	40	52	52
Budget Management	9	7	7	9	9	9	9	5	5	-
Human Resources	30	16	17	20	73	58	82	58	61	55
HR-Receiver			-		7	6	3	2	1	-
Revenue	157	120	126	132	157	158	156	172	173	161
County Attorney	8	8	7	9	10	10	11	12	18	17
Board of Equalization	72	73	73	71	72	71	70	70	69	70
Tax Assessor	70	57	62	64	66	65	71	70	70	69
Tax Collector	43	29	28	32	36	36	42	44	50	43
Treasurer	10	8	8	8	8	8	8	8	8	8
Land Development	69	17	18	18	18	18	19	-	-	-
Info Technology	51	34	34	34	27	36	40	45	67	51
General Services	300	200	114	115	114	120	145	172	233	198
Board of Registrars	15	9	9	9	9	9	9	10	10	10
Inspection Services	18	22	17	18	18	18	20	-	-	-
Storm Water Management			8	8	8	8				
Development Services							9	49	50	42
Non Dept/Barber Commission			1	1	1	1	1	1	3	5
Delegation Office			1							
Non Departmental Retirement Credit			19							
Public Information							-	-	3	2
Community Devp	37	27	34	35	35	35	36	36	43	38
Pension*	10	10	10	10	9	9	8	7	8	9
Personnel Board*	69	69	64	66	66	76	76	76	70	70
Public Safety										
Sheriff	647	566	646	645	688	691	724	724	724	722
Youth Detention	58	48	53	53	53	53	54	54	65	52
Coroner	18	16	17	17	17	17	17	18	18	20
Emergency Mgmt*	9	10	10	10	9	7	7	6	7	7
Highways and Roads										
Roads and Trans	443	194	195	196	196	207	261	300	326	340
Fleet Mgmt			26	26	26	26	27	30	42	33
Health and Welfare										
Office Senior Svs.	16	10	11	20	30	31	10	5	4	4
Cooper Green	709	709	648	256	241	173	219	228	227	219
JRHC	237	80	73	-						
Environmental Svs										
Environmental Svs	552	451	437	441	441	455	478	509	526	554
	<u>4,050</u>	<u>3,117</u>	<u>3,057</u>	<u>2,616</u>	<u>2,728</u>	<u>2,701</u>	<u>2,922</u>	<u>3,032</u>	<u>3,210</u>	<u>3,111</u>

Source: JCC Budget Management Office

OPERATING INFORMATION

Schedule 21 - Capital Asset Statistics by Function/Program

Last Ten Fiscal Years - Fiscal Year Ending September 30th

	2011	2012*	2013*	2014*	2015	2016	2017	2018	2019	2020
Function/Program										
General Government										
Commission										
County Manager										
Probate Court	50,000					10,998		13,498		
Family Court					105,410	28,898	29,309	75,624		
State Courts										
District Attorney			28,453					29,292		
Law Library				101,000						
Finance							120,874	182,425		
Budget Management										
Human Resources		225,000	79,500						130,707	
HR-Receiver					847,339					
Revenue			1,900,461	1,300,000	132,438	165,408	49,030	91,574	24,174	
County Attorney									54,270	31,831
Board of Equalization	120,000		662,655	630,000	359,522	128,292	276,562	265,761	728,461	188,000
Tax Assessor	8,400		1,844,259	1,538,818		8,850		233,971		641,827
Tax Collector	15,000	8,000	300,000	300,000						
Treasurer										
Land Development					48,650		114,043			
Info Technology	250,000		566,720	5,860,000	3,190,662	1,500,907	1,238,565	401,743	160,344	
General Services	1,180,505	321,461	1,125,438	4,600,000	3,963,177	2,865,787	4,746,695	10,293,245	19,613,421	3,889,452
Board of Registrars										
Inspection Services					105,888	51,744	83,190			
Development Service										519,971
Non Dept/Barber										
Public Information										
Community Devp	11,000									
Pension*										
Personnel Board*	73,000	37,000	15,000	89,192	491,941		725,667		25,612	
Public Safety										
Sheriff	1,206,928		1,295,232	2,050,000	3,250,787	2,772,282	2,890,621	3,879,286	2,130,981	1,179,132
Youth Detention			20,000	21,000		42,351				73,917
Coroner	129,000	141,000		25,000	27,916	96,596	99,849	69,932		39,704
Emergency Mgmt*										
Highways and Roads										
Roads and Trans		10,000	6,000	4,899,000	11,796,434	10,782,828	11,299,645	7,606,996	19,245,798	21,824,506
Fleet Mgmt					531,841	585,789	290,818	441,382	169,602	578,987
Health and Welfare										
Office Senior Svs.										
Cooper Green					216,258	586,305	775,422	110,745	11,688	
Environmental Svs										
Environmental Svs	20,499,524	35,421,200	11,623,455	6,398,600	31,903,123	39,964,957	78,428,882	68,476,815	57,168,811	39,150,094
	23,543,357	36,163,661	19,467,173	27,812,610	56,971,386	59,591,992	101,169,172	92,172,289	99,463,869	68,117,421

Source: JCC Budget Management Office

* Adopted 12, 13, and 14

DEBT SERVICE SCHEDULES

Schedule 22 - Warrants Maturity Schedules

(In Thousands)

Fiscal Year Ending 30-Sep	Business-Type Activities ¹				Governmental Activities ²			Total Debt Obligations					
	Principal	Interest	Future		Principal	Interest	Total	Principal	Interest	Total		Future	Total
			Interest	Accretion						Debt Service	Principal and		
2021	208	70,760	71,414	142,382	34,560	20,079	54,639	34,768	90,839	125,607	71,414	197,021	
2022	9,584	70,521	76,813	156,918	30,360	18,351	48,711	39,944	88,872	128,816	76,813	205,629	
2023	11,844	70,001	82,638	164,483	31,835	16,878	48,713	43,679	86,879	130,558	82,638	213,196	
2024	15,670	105,575	15,046	136,291	33,425	15,285	48,710	49,095	120,860	169,955	15,046	185,001	
2025	917	141,421	16,146	158,484	26,880	13,614	40,494	27,797	155,035	182,832	16,146	198,978	
2026	4,506	141,392	17,061	162,959	28,220	12,270	40,490	32,726	153,662	186,388	17,061	203,449	
2027	7,754	141,363	17,743	166,860	15,545	10,859	26,404	23,299	152,222	175,521	17,743	193,264	
2028	10,706	141,334	18,162	170,202	16,320	10,082	26,402	27,026	151,416	178,442	18,162	196,604	
2029	12,840	141,302	18,163	172,305	17,135	9,266	26,401	29,975	150,568	180,543	18,163	198,706	
2030	14,768	141,270	17,733	173,771	17,990	8,409	26,399	32,758	149,679	182,437	17,733	200,170	
2031	16,383	141,237	16,810	174,430	18,835	7,566	26,401	35,218	148,803	184,021	16,810	200,831	
2032	17,789	141,204	15,341	174,334	19,780	6,624	26,404	37,569	147,828	185,397	15,341	200,738	
2033	18,907	141,168	13,257	173,332	20,765	5,635	26,400	39,672	146,803	186,475	13,257	199,732	
2034	19,616	141,135	10,510	171,261	21,805	4,597	26,402	41,421	145,732	187,153	10,510	197,663	
2035	20,161	141,128	7,159	168,448	22,895	3,506	26,401	43,056	144,634	187,690	7,159	194,849	
2036	20,774	141,128	3,013	164,915	24,040	2,362	26,402	44,814	143,490	188,304	3,013	191,317	
2037	34,043	140,196	-	174,239	25,000	1,400	26,400	59,043	141,596	200,639	-	200,639	
2038	62,834	136,470	-	199,304	1,845	400	2,245	64,679	136,870	201,549	-	201,549	
2039	80,678	130,688	-	211,366	1,920	326	2,246	82,598	131,014	213,612	-	213,612	
2040	87,599	124,429	-	212,028	2,000	249	2,249	89,599	124,678	214,277	-	214,277	
2041	67,459	118,896	-	186,355	2,075	169	2,244	69,534	119,065	188,599	-	188,599	
2042	72,526	114,202	-	186,728	2,160	86	2,246	74,686	114,288	188,974	-	188,974	
2043	77,973	109,159	-	187,132	-	-	-	77,973	109,159	187,132	-	187,132	
2044	62,163	104,348	-	166,511	-	-	-	62,163	104,348	166,511	-	166,511	
2045	71,244	99,550	-	170,794	-	-	-	71,244	99,550	170,794	-	170,794	
2046	74,186	93,575	-	167,761	-	-	-	74,186	93,575	167,761	-	167,761	
2047	90,492	86,524	-	177,016	-	-	-	90,492	86,524	177,016	-	177,016	
2048	104,526	78,664	-	183,190	-	-	-	104,526	78,664	183,190	-	183,190	
2049	117,629	69,695	-	187,324	-	-	-	117,629	69,695	187,324	-	187,324	
2050	123,103	59,072	-	182,175	-	-	-	123,103	59,072	182,175	-	182,175	
2051	153,721	47,048	-	200,769	-	-	-	153,721	47,048	200,769	-	200,769	
2052	194,545	34,621	-	229,166	-	-	-	194,545	34,621	229,166	-	229,166	
2053	215,825	21,653	-	237,478	-	-	-	215,825	21,653	237,478	-	237,478	
2054	238,970	7,463	-	246,433	-	-	-	238,970	7,463	246,433	-	246,433	
	\$ 2,131,942	\$ 3,588,192	\$ 417,009	\$ 6,137,144	\$ 415,390	\$ 168,013	\$ 583,403	\$ 2,547,332	\$ 3,756,205	\$ 6,303,537	\$ 417,009	\$ 6,720,546	

Source: JCC Finance Department Data (FY20 Audited Financial Data)

¹ Business-Type Activities Warrants payable include obligations for warrants issued in the name of the Jefferson County Commission for the primary purpose of sewer capital projects and related improvements (Business-Type Activities – Sewer Revenue Warrants), and Limited Funding Agreements with Component Unit Enterprise Funds for the primary purpose of capital projects and related improvements (Hallmark District - Jefferson County Limited Funding).

² Governmental Activities Warrants payable include obligations for warrants issued in the name of the Jefferson County Commission for the primary purpose of general capital projects and related improvements (Governmental Activities – General Obligation Refunding Warrants), and for the primary purpose of school capital projects and related improvements (Governmental Activities – Limited Obligation Refunding Warrants).

DEBT SERVICE SCHEDULES

Schedule 23 - Senior Lien Sewer Revenue Warrants Series 2013-A through Series 2013-C

Business-Type Activities

(In Thousands)

Fiscal Year Ending 30-Sep	Series 2013-A (Tax Exempt) ¹			Series 2013-B (Tax Exempt) ²			Series 2013-C (Tax Exempt) ³				TOTAL - Sewer Revenue Senior Warrants			
	Principal	Interest	Total Debt Service	Principal	Future Interest Accretion	Total Debt Service	Principal	Interest	Future Interest Accretion	Total Debt Service	Principal	Interest	Future Interest Accretion	Total Debt Service
2021	-	21,071	21,071	-	5,404	5,404	-	-	15,951	15,951	-	21,071	21,355	42,426
2022	-	21,071	21,071	-	5,752	5,752	-	-	17,034	17,034	-	21,071	22,786	43,857
2023	-	21,071	21,071	-	6,122	6,122	-	-	18,195	18,195	-	21,071	24,317	45,388
2024	-	21,071	21,071	-	6,516	6,516	-	9,555	-	9,555	-	30,626	6,516	37,142
2025	-	21,071	21,071	-	6,936	6,936	-	19,109	-	19,109	-	40,180	6,936	47,116
2026	-	21,071	21,071	3,562	7,115	10,677	-	19,109	-	19,109	3,562	40,180	7,115	50,857
2027	-	21,071	21,071	6,782	7,003	13,785	-	19,109	-	19,109	6,782	40,180	7,003	53,965
2028	-	21,071	21,071	9,705	6,565	16,270	-	19,109	-	19,109	9,705	40,180	6,565	56,450
2029	-	21,071	21,071	7,329	6,257	13,586	-	19,109	-	19,109	7,329	40,180	6,257	53,766
2030	-	21,071	21,071	6,825	5,917	12,742	-	19,109	-	19,109	6,825	40,180	5,917	52,922
2031	-	21,071	21,071	6,340	5,541	11,881	-	19,109	-	19,109	6,340	40,180	5,541	52,061
2032	-	21,071	21,071	5,954	5,142	11,096	-	19,109	-	19,109	5,954	40,180	5,142	51,276
2033	-	21,071	21,071	5,511	4,702	10,213	-	19,109	-	19,109	5,511	40,180	4,702	50,393
2034	-	21,071	21,071	5,170	4,234	9,404	-	19,109	-	19,109	5,170	40,180	4,234	49,584
2035	-	21,071	21,071	9,570	2,913	12,483	-	19,109	-	19,109	9,570	40,180	2,913	52,663
2036	-	21,071	21,071	8,968	1,504	10,472	-	19,109	-	19,109	8,968	40,180	1,504	50,652
2037	-	21,071	21,071	8,401	-	8,401	-	19,109	-	19,109	8,401	40,180	-	48,581
2038	-	21,071	21,071	-	-	-	19,677	18,334	-	38,011	19,677	39,405	-	59,082
2039	-	21,071	21,071	-	-	-	20,952	16,735	-	37,687	20,952	37,806	-	58,758
2040	-	21,071	21,071	-	-	-	22,254	15,017	-	37,271	22,254	36,088	-	58,342
2041	-	21,071	21,071	-	-	-	23,719	13,174	-	36,893	23,719	34,245	-	57,964
2042	-	21,071	21,071	-	-	-	25,286	11,209	-	36,495	25,286	32,280	-	57,566
2043	-	21,071	21,071	-	-	-	26,953	9,114	-	36,067	26,953	30,185	-	57,138
2044	34,915	20,198	55,113	-	-	-	-	8,033	-	8,033	34,915	28,231	-	63,146
2045	36,660	18,409	55,069	-	-	-	-	8,033	-	8,033	36,660	26,442	-	63,102
2046	-	17,493	17,493	-	-	-	31,539	6,734	-	38,273	31,539	24,227	-	55,766
2047	29,300	16,723	46,023	-	-	-	9,661	5,037	-	14,698	38,961	21,760	-	60,721
2048	43,425	14,814	58,239	-	-	-	-	4,640	-	4,640	43,425	19,454	-	62,879
2049	45,705	12,475	58,180	-	-	-	-	4,640	-	4,640	45,705	17,115	-	62,820
2050	-	11,275	11,275	-	-	-	39,243	2,980	-	42,223	39,243	14,255	-	53,498
2051	32,285	10,387	42,672	-	-	-	15,616	660	-	16,276	47,901	11,047	-	58,948
2052	54,520	8,000	62,520	-	-	-	-	-	-	-	54,520	8,000	-	62,520
2053	57,515	4,919	62,434	-	-	-	-	-	-	-	57,515	4,919	-	62,434
2054	60,680	1,669	62,349	-	-	-	-	-	-	-	60,680	1,669	-	62,349
	\$ 395,005	\$ 620,995	\$ 1,016,000	\$ 84,117	\$ 87,623	\$ 171,740	\$ 234,900	\$ 382,312	\$ 51,180	\$ 668,392	\$ 714,022	\$ 1,003,307	\$ 138,803	\$ 1,856,132

Source: JCC Finance Department Data (FY20 Audited Financial Data)

¹Senior Lien Sewer Revenue Current Interest Warrants, Series 2013-A, with interest paid semiannually at fixed rates ranging from 5.00% to 5.50% and principal payments due from October 1, 2044 to 2053.

²Senior Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-B, with interest accreting & compounding semiannually at fixed rates of 5.625% to 6.625% to maturity, with accreted value (principal and interest) payments due from October 1, 2026 to 2036.

³Senior Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-C, with interest compounding semiannually at fixed rates of 6.50% to 6.90% to October 1, 2023, and thereafter interest paid semiannually with accreted value payments (principal and interest) due from October 1, 2038 to 2050.

DEBT SERVICE SCHEDULES

Schedule 24 - Subordinate Lien Sewer Revenue Warrants Series 2013-D through Series 2013-F

Business-Type Activities
(In Thousands)

Fiscal Year Ending 30-Sep	Series 2013-D (Tax Exempt) ¹			Series 2013-E (Tax Exempt) ²			Series 2013-F (Tax Exempt) ³				TOTAL - Subordinate Lien Sewer Revenue Warrants			
	Principal	Interest	Total Debt Service	Principal	Future	Total	Principal	Interest	Future	Total	Principal	Interest	Future	Total
					Interest				Accretion				Interest	
2021	-	49,295	49,295	-	6,774	6,774	-	-	43,285	43,285	-	49,295	50,059	99,354
2022	8,745	49,077	57,822	-	7,316	7,316	-	-	46,711	46,711	8,745	49,077	54,027	111,849
2023	10,980	48,583	59,563	-	7,899	7,899	-	-	50,422	50,422	10,980	48,583	58,321	117,884
2024	14,780	47,939	62,719	-	8,530	8,530	-	26,689	-	26,689	14,780	74,628	8,530	97,938
2025	-	47,570	47,570	-	9,210	9,210	-	53,378	-	53,378	-	100,948	9,210	110,158
2026	-	47,570	47,570	-	9,946	9,946	-	53,378	-	53,378	-	100,948	9,946	110,894
2027	-	47,570	47,570	-	10,740	10,740	-	53,378	-	53,378	-	100,948	10,740	111,688
2028	-	47,570	47,570	-	11,597	11,597	-	53,378	-	53,378	-	100,948	11,597	112,545
2029	-	47,570	47,570	4,480	11,906	16,386	-	53,378	-	53,378	4,480	100,948	11,906	117,334
2030	-	47,570	47,570	6,881	11,816	18,697	-	53,378	-	53,378	6,881	100,948	11,816	119,645
2031	-	47,570	47,570	8,949	11,269	20,218	-	53,378	-	53,378	8,949	100,948	11,269	121,166
2032	-	47,570	47,570	10,708	10,199	20,907	-	53,378	-	53,378	10,708	100,948	10,199	121,855
2033	-	47,570	47,570	12,235	8,555	20,790	-	53,378	-	53,378	12,235	100,948	8,555	121,738
2034	-	47,570	47,570	13,556	6,276	19,832	-	53,378	-	53,378	13,556	100,948	6,276	120,780
2035	-	47,570	47,570	10,591	4,246	14,837	-	53,378	-	53,378	10,591	100,948	4,246	115,785
2036	-	47,570	47,570	11,806	1,509	13,315	-	53,378	-	53,378	11,806	100,948	1,509	114,263
2037	-	47,570	47,570	5,701	-	5,701	19,941	52,446	-	72,387	25,642	100,016	-	125,658
2038	-	47,570	47,570	-	-	-	43,157	49,495	-	92,652	43,157	97,065	-	140,222
2039	37,500	46,445	83,945	-	-	-	22,226	46,437	-	68,663	59,726	92,882	-	152,608
2040	40,505	44,105	84,610	-	-	-	24,840	44,236	-	69,076	65,345	88,341	-	153,686
2041	43,740	41,577	85,317	-	-	-	-	43,074	-	43,074	43,740	84,651	-	128,391
2042	47,240	38,848	86,088	-	-	-	-	43,074	-	43,074	47,240	81,922	-	129,162
2043	51,020	35,900	86,920	-	-	-	-	43,074	-	43,074	51,020	78,974	-	129,994
2044	-	34,370	34,370	-	-	-	27,248	41,747	-	68,995	27,248	76,117	-	103,365
2045	-	34,370	34,370	-	-	-	34,584	38,738	-	73,322	34,584	73,108	-	107,692
2046	-	34,370	34,370	-	-	-	42,647	34,978	-	77,625	42,647	69,348	-	111,995
2047	-	34,370	34,370	-	-	-	51,531	30,394	-	81,925	51,531	64,764	-	116,295
2048	-	34,370	34,370	-	-	-	61,101	24,840	-	85,941	61,101	59,210	-	120,311
2049	-	34,370	34,370	-	-	-	71,924	18,210	-	90,134	71,924	52,580	-	124,504
2050	-	34,370	34,370	-	-	-	83,860	10,447	-	94,307	83,860	44,817	-	128,677
2051	42,940	32,867	75,807	-	-	-	62,880	3,134	-	66,014	105,820	36,001	-	141,821
2052	140,025	26,621	166,646	-	-	-	-	-	-	-	140,025	26,621	-	166,646
2053	158,310	16,734	175,044	-	-	-	-	-	-	-	158,310	16,734	-	175,044
2054	178,290	5,794	184,084	-	-	-	-	-	-	-	178,290	5,794	-	184,084
	\$ 774,075	\$ 1,390,355	\$ 2,164,430	84,907	137,788	222,695	545,939	1,191,549	140,418	1,877,906	1,404,921	2,581,904	278,206	4,265,031

Source: JCC Finance Department Data (FY20 Audited Financial Data)

¹Subordinate Lien Sewer Revenue Current Interest Warrants, Series 2013-D, with interest paid semiannually at fixed rates ranging from 5.00% to 7.00% and principal payments due from October 1, 2017 to 2053.

²Subordinate Lien Sewer Revenue Capital Appreciation Warrants, Series 2013-E, with interest accreting and compounding semiannually at fixed rates of 7.50% to 8.00% to maturity, with accreted value (principal and interest) payments due from October 1, 2029 to 2036.

³Subordinate Lien Sewer Revenue Convertible Capital Appreciation Warrants, Series 2013-F, with interest accreting and compounding semiannually at fixed rates of 7.50% to 7.90% to October 1, 2023, and thereafter interest paid semiannually with accreted value payments (principal and interest) due from October 1, 2037 to 2050.

DEBT SERVICE SCHEDULES

Schedule 25 - Hallmark Cooperative District Capital Improvement Loan Series 2019

Business-Type Activities
(In Thousands)

Fiscal Year Ending 30-Sep	Hallmark Cooperative District Capital Improvement Loan ¹		
	Principal	Interest	Total Debt Service
2021	208	394	602
2022	839	373	1,212
2023	864	347	1,211
2024	890	321	1,211
2025	917	293	1,210
2026	944	264	1,208
2027	972	235	1,207
2028	1,001	206	1,207
2029	1,031	174	1,205
2030	1,062	142	1,204
2031	1,094	109	1,203
2032	1,127	76	1,203
2033	1,161	40	1,201
2034	890	7	897
	\$ 13,000	\$ 2,981	\$ 15,981

Source: JCC Finance Department Data (FY20 Audited Financial Data)

¹ Limited Funding Agreement with interest paid quarterly at fixed rates ranging from 3.00% to 3.80% and principal payments due from July 1, 2021 through April 1, 2034.

DEBT SERVICE SCHEDULES

Schedule 26 - Series 2018-A and 2018-B General Obligation Refunding Warrants

Governmental Activities

(In Thousands)

Fiscal Year Ending 30-Sep	Series 2018-A General Obligation Refunding (Tax Exempt) ¹			Series 2018-B General Obligation Refunding (Tax Exempt) ²			TOTAL		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
			Debt Service			Debt Service			Debt Service
2021	9,450	4,642	14,092	13,470	674	14,144	22,920	5,316	28,236
2022	18,140	4,170	22,310	-	-	-	18,140	4,170	22,310
2023	19,050	3,263	22,313	-	-	-	19,050	3,263	22,313
2024	20,000	2,310	22,310	-	-	-	20,000	2,310	22,310
2025	12,780	1,310	14,090	-	-	-	12,780	1,310	14,090
2026	13,420	671	14,091	-	-	-	13,420	671	14,091
	<u>\$ 92,840</u>	<u>\$ 16,366</u>	<u>\$ 109,206</u>	<u>\$ 13,470</u>	<u>\$ 674</u>	<u>\$ 14,144</u>	<u>\$ 106,310</u>	<u>\$ 17,040</u>	<u>\$ 123,350</u>

Source: JCC Finance Department Data (FY20 Audited Financial Data)

¹General Obligation Refunding Warrants, Series 2018-A, with interest paid semiannually at fixed rates ranging from 4.00% to 5.00% and annual principal payments through 2026. The Commission issued Series 2018-A under the Trust Indenture dated May 1, 2018 (2018 Trust Indenture), between Jefferson County, Alabama, and Wilmington Trust National Association, as Trustee, for the purpose of refunding the General Obligation Warrants, Series 2003-A and 2004-A, and the Lease Revenue Warrants, Series 2006. These warrants were defeased on May 31, 2018, and fully redeemed pursuant to their terms on July 2, 2018. Debt Services Requirements and Coverage is reflected on page 3 of the Official Statement dated September 17, 2018.

²General Obligation Refunding Warrants, Series 2018-B, with interest paid semiannually at fixed rates ranging from 4.00% to 5.00% and annual principal payments through 2021. The Commission issued Series 2018-B under the Trust Indenture dated May 1, 2018 (2018 Trust Indenture), between Jefferson County, Alabama, and Wilmington Trust National Association, as Trustee, for the purpose of refunding General Obligation Warrants, Series 2013-A and 2013-C. The General Obligation Warrants, Series 2013-A and 2013-C were partially defeased on September 17, 2018, and partially redeemed pursuant to their terms on December 3, 2018. The remaining outstanding Series 2013-A and Series 2013-C Warrants matured pursuant to their

DEBT SERVICE SCHEDULES

Schedule 27 - Series 2017 Limited Obligation Refunding Warrants

Governmental Activities

(In Thousands)

Fiscal Year Ending 30-Sep	Series 2017 Limited Obligation Refunding (Tax Exempt)¹		
	Principal	Interest	Total Debt Service
2021	11,640	14,763	26,403
2022	12,220	14,181	26,401
2023	12,785	13,615	26,400
2024	13,425	12,975	26,400
2025	14,100	12,304	26,404
2026	14,800	11,599	26,399
2027	15,545	10,859	26,404
2028	16,320	10,082	26,402
2029	17,135	9,266	26,401
2030	17,990	8,409	26,399
2031	18,835	7,566	26,401
2032	19,780	6,624	26,404
2033	20,765	5,635	26,400
2034	21,805	4,597	26,402
2035	22,895	3,506	26,401
2036	24,040	2,362	26,402
2037	25,000	1,400	26,400
2038	1,845	400	2,245
2039	1,920	326	2,246
2040	2,000	249	2,249
2041	2,075	169	2,244
2042	2,160	86	2,246
	\$ 309,080	\$ 150,973	\$ 460,053

Source: JCC Finance Department Data (FY20 Audited Financial Data)

¹Limited Obligation Refunding Warrants, Series 2017, with interest paid semiannually at fixed rates ranging from 3.00% to 5.00% and annual principal payments through 2037. The Commission issued refunding warrants under the Trust Indenture dated July 1, 2017 (2017 Trust Indenture), between Jefferson County, Alabama and Regions Bank, as Trustee, for the purpose of refunding the outstanding Limited Obligation School Warrants, Series 2004-A and Series 2005-A. The Limited Obligation School Warrants, Series 2005-B, were fully redeemed pursuant to their terms on March 1, 2017. The warrants issued under the 2017 Trust Indenture are not general obligations of the Commission, but represent limited obligations of the Commission, payable solely out of the Trust Estate established under the 2017 Trust Indenture, which includes a pledge of the gross proceeds of a new one cent Special Revenue Sales and Use Tax. Payment of the principal and interest on the warrants when due is secured on an equal and proportionate basis by the Trust Estate. Debt Service Requirements and Coverage is reflected on page 16 of the Official Statement dated July 14, 2017.

DEBT SERVICE SCHEDULES

Schedule 28 - Birmingham Jefferson Civic Center Authority Funding Agreement Series 2018E

(In Thousands)

Fiscal Year Ending 30-Sep	Series 2018E BJCCA Funding Agreement ¹		
	Principal	Interest	Total Debt Service
2021	352	648	1,000
2022	365	635	1,000
2023	379	621	1,000
2024	394	606	1,000
2025	409	591	1,000
2026	425	575	1,000
2027	441	559	1,000
2028	458	542	1,000
2029	475	525	1,000
2030	494	506	1,000
2031	513	487	1,000
2032	532	468	1,000
2033	553	447	1,000
2034	574	426	1,000
2035	596	404	1,000
2036	619	381	1,000
2037	643	357	1,000
2038	667	333	1,000
2039	693	307	1,000
2040	719	281	1,000
2041	747	253	1,000
2042	776	224	1,000
2043	805	195	1,000
2044	836	164	1,000
2045	868	132	1,000
2046	902	98	1,000
2047	936	64	1,000
2048	972	28	1,000
	\$ 17,143	\$ 10,857	\$ 28,000

Source: JCC Finance Department Data (FY20 Audited Financial Data)

¹ General obligation of the County with semi-annual payments applied to principal and interest. Interest payments have an effective rate of 3.76%, representing the combined effect of the Birmingham Jefferson County Civic Center's fixed interest rates of 3.35% to 5%.