

# **JEFFERSON COUNTY, ALABAMA**

## **ANNUAL REPORT**

**March 31, 2011**

### **Series Designations and CUSIP Numbers on Attached Schedule A**

The following information is provided by Jefferson County, Alabama (the “County”) pursuant to certain Continuing Disclosure Agreements executed and delivered by the County in connection with the issuance of certain of the obligations set forth on the attached Schedule A (the “Obligations”), in compliance with Securities and Exchange Commission Rule 15c2-12. Although the County has no Continuing Disclosure Agreement with regard to certain of the Obligations described in Schedule A (due to their exemption from the continuing disclosure obligations of SEC Rule 15c2-12), the County has nonetheless determined to include such Obligations in this Annual Report.

This Annual Report aggregates all of the financial and operating information for the fiscal year ended September 30, 2010 that is required to be provided under the Continuing Disclosure Agreements entered into by the County with respect to the Obligations, with the exception of certain information described in the immediately succeeding sentence that is not currently available. The County does not have audited financial statements for the fiscal years ended September 30, 2008, 2009 and 2010 as of the date of this Annual Report. The County will file audited financial statements for the fiscal years ended September 30, 2008, 2009 and 2010 when they become available.

**Jefferson County Environmental Services Department**  
**Results of Operations**  
**Sewer System Utilization**

<b>Fiscal Year Ending September 30</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Active Accounts	140,092	141,590	143,576	145,946	140,499
Average Daily Treatment Volume (millions of gallons treated)	125	113	92	84	112
Sewer Charges (in thousands)	\$ 148,106	\$ 157,118	\$ 158,590	\$ 152,981	\$ 148,914
% Revenue- Largest Customer	1.62%	1.29%	1.05%	1.26%	1.53%
% Revenue- Top Ten Customers	6.61%	6.30%	5.24%	4.99%	6.35%

<b>2010 Top Ten Customers</b>	<b>Consumption</b>	<b>Billed (\$1,000s)</b>
U.S. Steel	454,454	\$ 2,396
University of AL at Birmingham	178,967	1,324
Brookwood Hospital AMI	141,826	1,049
Veterans Administration	117,518	870
SMI Steel, Inc.	105,205	779
Barber's Pure Milk Co.	115,526	752
Birmingham Housing Authority	94,798	701
Samford University	90,744	671
Trinity Medical Center	86,295	639
Jefferson County Jail	82,918	614
	1,468,251	\$ 9,795

**Sewer System Results of Operations**  
**Summary of Revenues and Expenditures**

	Fiscal Year Ended September 30, (in thousands)				
	2010 unaudited	2009 unaudited	2008 unaudited	2007	2006
Operating Revenues					
Taxes	\$ 6,008	\$ 6,008	\$ 5,758	\$ 5,325	\$ 4,993
Intergovernmental			101	100	99
Charges for services	148,106	157,118	158,590	152,981	148,914
Other operating revenue	3,096	3,525	861	168	43
Total operating revenue	<u>157,210</u>	<u>166,651</u>	<u>165,310</u>	<u>158,574</u>	<u>154,049</u>
Operating Expenses					
Salaries and wages	19,946	20,671	21,434	21,208	21,418
Employee benefits and payroll taxes	6,946	7,144	8,102	6,502	7,552
Materials and supplies	4,458	2,950	1,466	1,183	620
Utilities	8,565	9,660	8,273	8,839	9,554
Outside services	11,923	11,567	13,335	15,598	8,940
Office expense	7	10	1,498	860	1,846
Depreciation	133,920	126,460	128,844	122,332	89,488
Other			296	446	60
Total operating expenses	<u>185,765</u>	<u>178,462</u>	<u>183,248</u>	<u>176,968</u>	<u>139,478</u>
Operating income (loss)	<u>\$ (28,555)</u>	<u>\$ (11,811)</u>	<u>\$ (17,938)</u>	<u>\$ (18,394)</u>	<u>\$ 14,571</u>
Nonoperating Revenues (Expenses)					
Interest expense	(78,629)	(114,396)	(224,765)	(116,076)	(157,410)
Interest revenue	1,607	3,497	13,549	25,433	24,568
Amortization of bond issue costs	(328)	(304)	(18,748)	(12,452)	(12,444)
Contribution of capital assets				(21,818)	
Indirect costs					
Gain (loss) on disposal of fixed assets	(178)	(16)	(600)	152	59
Indirect cost recovery					
Net nonoperating revenues (expenses)	<u>(77,528)</u>	<u>(111,219)</u>	<u>(230,564)</u>	<u>(124,761)</u>	<u>(145,227)</u>
Operating Transfers in				2	382
Operating Transfers out	(9)	(5,241)		(30)	(4)
Total operating transfers	<u>(9)</u>	<u>(5,241)</u>	<u>-</u>	<u>(28)</u>	<u>378</u>
Change in net assets	(106,092)	(128,271)	(248,502)	(143,183)	(130,278)
Total net assets, beginning of year, as restated	<u>433,190</u>	<u>561,461</u>	<u>809,963</u>	<u>968,496</u>	<u>1,076,261</u>
Total net assets, end of year	<u>\$ 327,098</u>	<u>\$ 433,190</u>	<u>\$ 561,461</u>	<u>\$ 825,313</u>	<u>\$ 945,983</u>

**Sewer System Results of Operations  
Summary of Balance Sheet**

	As of September 30, (in thousands)				
	2010 unaudited	2009 unaudited	2008 unaudited	2007	2006
<b>Assets</b>					
Cash and investments	\$ 257,509	\$ 255,985	\$ 261,502	\$ 407,379	\$ 490,207
Accounts receivable, net	19,672	22,085	21,179	17,733	20,973
Property taxes receivable, net	5,355	5,447	5,505	5,359	4,993
Interest receivable					
Due from other governmental units	1,207	1,195	1,215	1,161	955
Advances due from other funds	423	423		1,554	
Inventories	458	458	458	437	400
Prepaid items			4	4	2
Assets held for sale	166	166	166	525	525
Deferred charges - issuance costs	54,576	54,576	54,576	63,976	67,814
Fixed assets, net	2,983,117	3,096,862	3,196,835	3,314,963	3,345,748
Total assets	<u>\$ 3,322,483</u>	<u>\$ 3,437,197</u>	<u>\$ 3,541,440</u>	<u>\$ 3,813,091</u>	<u>\$ 3,931,617</u>
<b>Liabilities</b>					
Accounts payable	\$ 4,569	\$ 5,254	\$ 6,935	\$ 10,107	\$ 6,471
Interest payable	60,382	58,696	30,179	13,817	15,862
Swap termination liability	31,189	31,189	31,189		
Accrued wages and benefits payable	1,550	1,496	968	880	887
Retainage payable	56	56	2,206	2,638	2,535
Estimated liability for compensated absences	3,468	3,467	3,468	3,637	3,644
Due to other funds		31			
Deferred revenue	5,557	5,658	5,763	5,602	4,993
Estimated claims liability			1,233	988	
Arbitrage rebate payable	63	63	63	63	3,379
Warrants payable	3,162,322	3,182,617	3,193,243	3,254,465	3,260,895
Add: Unamortized Premiums	6,047	6,047	6,047	7,644	9,779
Less: Deferred loss on refunding	(279,818)	(290,567)	(301,315)	(312,063)	(322,811)
Total liabilities	<u>2,995,385</u>	<u>3,004,007</u>	<u>2,979,979</u>	<u>2,987,778</u>	<u>2,985,634</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	306,576	412,461	541,073	772,853	914,055
Unrestricted	20,522	20,729	20,388	52,460	31,928
Total Net Assets	<u>\$ 327,098</u>	<u>\$ 433,190</u>	<u>\$ 561,461</u>	<u>\$ 825,313</u>	<u>\$ 945,983</u>

## General Sales and Use Tax Revenues

<b>Fiscal Year Ending September 30</b>	<b>Total Amount Collected</b>
1998	\$ 75,635,599
1999	\$ 78,898,175
2000	\$ 79,466,508
2001	\$ 81,836,173
2002	\$ 81,519,000
2003	\$ 82,381,463
2004	\$ 86,730,044
2005	\$ 91,945,154
2006	\$ 94,840,535
2007	\$ 96,818,757
2008	\$ 96,087,534
2009	\$ 85,291,553
2010	\$ 86,370,576

Source: Jefferson County Revenue Department;  
represents the amount collected from the one-cent  
general sales and use tax.

## Education Tax Revenues

<b>Fiscal Year Ending September 30</b>	<b>Total Amount Collected</b>
2005*	\$ 56,226,741
2006	\$ 94,985,060
2007	\$ 97,123,665
2008	\$ 96,848,180
2009	\$ 85,836,200
2010	\$ 86,549,167

\*Tax implemented in January 2005.

Source: Jefferson County Revenue Department

## Occupational Tax Revenues

<b>Fiscal Year Ending September 30</b>	<b>Total Amount Collected</b>
1998	\$ 47,143,817
1999	\$ 47,945,225
2000	\$ 52,715,844
2001	\$ 54,121,734
2002	\$ 54,820,507
2003	\$ 54,960,587
2004	\$ 58,566,066
2005	\$ 61,010,652
2006	\$ 63,316,443
2007	\$ 67,012,708
2008	\$ 68,619,706
2009	\$ 65,719,583
2010	\$ 62,548,257

Source: Jefferson County Revenue Department

## Assessed Valuation

Tax Year Ending September 30 <sup>(2)</sup>	Net Assessed Value <sup>(1)</sup>			Total Net Assessed Values
	Real & Personal Property and Public Utility		Motor Vehicles	
	Property			
1998	\$ 4,191,608,377	\$ 530,077,135	\$	4,721,685,512
1999	\$ 5,161,832,273	\$ 570,975,326	\$	5,732,807,599
2000 <sup>(3)</sup>	\$ 4,992,672,194	\$ 697,002,840	\$	5,689,675,034
2001	\$ 5,058,656,913	\$ 811,100,700	\$	5,869,757,613
2002	\$ 5,216,266,428	\$ 836,375,940	\$	6,052,642,368
2003	\$ 6,000,171,881	\$ 843,387,840	\$	6,843,559,721
2004	\$ 6,355,450,404	\$ 851,610,300	\$	7,207,060,704
2005	\$ 6,692,153,068	\$ 897,031,920	\$	7,589,184,988
2006	\$ 7,236,058,226	\$ 950,638,720	\$	8,186,696,946
2007	\$ 7,744,422,422	\$ 959,570,458	\$	8,703,992,880
2008	\$ 8,238,988,223	\$ 950,681,658	\$	9,189,669,881
2009	\$ 8,154,366,233	\$ 843,094,468	\$	8,997,460,701
2010	\$ 8,025,885,906	\$ 838,645,840	\$	8,864,531,746

<sup>(1)</sup> Includes exemptions and penalties.

<sup>(2)</sup> Taxes are paid in arrears; current tax collections for each year are collected October 1st through mid-May. Therefore, taxes assessed as of September 30th are not collected until the following fiscal year.

<sup>(3)</sup> The decrease in assessed value of real and personal property and public utility property from tax year 1999 to tax year 2000 is due to a change in Alabama law in the methodology of imposing a tax upon shares of stock in Alabama corporations.

Sources: Jefferson County Tax Assessor, Abstract of Assessments, Exemptions and Ad Valorem Taxes, 2002 - 2010; prior years' data from earlier disclosure documents.

## Principal Ad Valorem Taxpayers -- Tax Year 2010

	<b>Company</b>	<b>Assessed Value</b>	<b>County Tax</b>
1	Alabama Power Company	\$ 498,531,420	\$ 6,730,174
2	AT & T Property Tax Group	\$ 148,464,220	\$ 2,004,267
3	United States Steel	\$ 77,334,944	\$ 1,044,022
4	Alabama Gas	\$ 31,148,740	\$ 420,508
5	Protective Life	\$ 27,794,040	\$ 375,220
6	Norfolk Southern	\$ 25,888,000	\$ 349,488
7	Southern Natural Gas	\$ 17,369,180	\$ 234,484
8	Powersouth Energy	\$ 12,439,780	\$ 167,937
9	Oak Grove Mine	\$ 11,514,416	\$ 155,445
10	Walmart	\$ 11,502,480	\$ 155,283

Source: Jefferson County Tax Assessor

## Ad Valorem Tax Collections

<b>Tax Year Ended September 30 <sup>(1)</sup></b>	<b>Total Net Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collection to Tax Levy</b>
2010	\$ 571,239,380	\$ 556,700,119	97.45%	\$ 4,686,256	\$ 561,386,375	98.28%
2009	\$ 580,123,421	\$ 559,724,507	96.48%	\$ 4,470,839	\$ 564,195,346	97.25%
2008	\$ 545,472,944	\$ 540,392,751	99.07%	\$ 2,377,973	\$ 542,770,724	99.50%
2007	\$ 509,403,085	\$ 501,067,572	98.36%	\$ 2,713,010	\$ 503,780,582	98.90%
2006	\$ 469,456,560	\$ 465,929,677	99.25%	\$ 3,508,788	\$ 469,438,465	100.00%
2005	\$ 445,840,218	\$ 437,722,350	98.18%	\$ 4,612,988	\$ 442,335,338	99.21%
2004	\$ 420,329,738	\$ 414,819,160	98.69%	\$ 6,331,037	\$ 421,150,198	100.20%
2003	\$ 365,507,555	\$ 361,085,704	98.79%	\$ 4,205,271	\$ 365,290,975	99.94%
2002	\$ 351,730,297	\$ 348,124,036	98.97%	\$ 5,606,431	\$ 353,730,467	100.57%
2001	\$ 340,390,909	\$ 336,123,329	98.75%	\$ 3,483,841	\$ 339,607,170	99.77%
2000	\$ 333,819,916	\$ 330,192,023	98.91%	\$ 3,719,694	\$ 333,911,717	100.03%
1999	\$ 284,182,209	\$ 283,265,317	99.68%	\$ 2,793,609	\$ 286,058,926	100.66%
1998	\$ 265,673,868	\$ 262,277,245	98.72%	\$ 4,253,108	\$ 266,530,353	100.32%

<sup>(1)</sup> Taxes collected in each fiscal year represent the taxes levied in the prior fiscal year, as taxes are collected in arrears.

Source: Jefferson County Tax Collector



## Jefferson County Debt

	<b>Principal Amount Outstanding as of September 30, 2010</b>
<b><u>Obligations Not Subject to Debt Limit</u></b>	
Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, maturing February 1, 2017, through February 1, 2027	\$ 57,030,000
Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, maturing February 1, 2011, through February 1, 2020	11,960,000
Sewer Revenue Capital Improvement Warrants, Series 2002-A, maturing February 1, 2042 *	101,465,000
Sewer Revenue Capital Improvement Warrants, Series 2002-C, maturing February 1, 2040 *	806,737,500
Sewer Refunding Warrants, Series 2003-A, maturing February 15, 2011 through February 15, 2015	18,730,000
Sewer Revenue Refunding Warrants, Series 2003-B, maturing February 1, 2011 through February 1, 2042 *	1,120,875,000
Sewer Revenue Refunding Warrants, Series 2003-C, maturing February 1, 2011 through February 1, 2036, and February 1, 2038 through February 1, 2042	1,045,525,000
Limited Obligation School Warrants, Series 2004-A, maturing January 1, 2011 through January 1, 2025	559,830,000
Limited Obligation School Warrants, Series 2005-A, maturing January 1, 2011 through January 1, 2027	105,500,000
Limited Obligation School Warrants, Series 2005-B, maturing January 1, 2011 through January 1, 2027	179,750,000
Lease Revenue Warrants, Series 2006, issued by the Jefferson County Public Building Authority, maturing April 1, 2011 through April 1, 2021 and April 1, 2025 and 2026	<u>83,635,000</u>
TOTAL	<u>\$ 4,091,037,500</u>
<b><u>Obligations Subject to Debt Limit</u></b>	
General Obligation Warrants, Series 2001-A, maturing April 1, 2011 through April 1, 2011	\$ 9,810,000
General Obligation Warrants, Series 2001-B, maturing April 1, 2021 *	105,000,000
General Obligation Capital Improvement and Refunding Warrants, Series 2003-A, maturing April 1, 2011 through April 1, 2023	46,745,000
General Obligation Capital Improvement Warrants, Series 2004-A, maturing April 1, 2011 through April 1, 2024	<u>51,020,000</u>
TOTAL	<u>\$ 212,575,000</u>

\* Portions of these warrants have been purchased by banks and/or bond insurers pursuant to liquidity facilities and are subject to accelerated redemption prior to the stated maturities in the table above. A further description of the accelerated redemptions can be found in material event notices previously filed by the County.

## Debt Service Requirements on General Obligation Debt

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
9/30/2011	\$ 12,055,000	\$ 5,160,445	\$ 17,215,445
9/30/2012	2,880,000	4,643,505	7,523,505
9/30/2013	2,965,000	4,538,605	7,503,605
9/30/2014	3,075,000	4,411,308	7,486,308
9/30/2015	3,185,000	4,277,638	7,462,638
9/30/2016	3,305,000	4,137,425	7,442,425
9/30/2017	3,430,000	3,990,100	7,420,100
9/30/2018	3,580,000	3,815,513	7,395,513
9/30/2019	3,735,000	3,636,513	7,371,513
9/30/2020	3,875,000	3,468,250	7,343,250
9/30/2021	4,045,000	3,274,500	7,319,500
9/30/2022	19,490,000	3,072,250	22,562,250
9/30/2023	20,465,000	1,313,750	21,778,750
9/30/2024	21,490,000	1,074,500	22,564,500
TOTAL	<u>\$ 107,575,000</u>	<u>\$ 50,814,302</u>	<u>\$ 158,389,302</u>

Note: The Series 2001-B Warrants have been excluded from this table. A majority of the Series 2001-B Warrants were purchased by banks beginning in March, 2008 pursuant to liquidity facilities and are now subject to accelerated redemption in six equal semiannual installments. A further description of the accelerated redemptions can be found in material event notices previously filed by the County.

## Jefferson County, Alabama Debt Ratios

Population <sup>(1)</sup>	658,466
Assessed Value of Taxable Property <sup>(2)</sup>	\$ 8,864,531,746
General Obligation Debt	\$ 212,575,000
General Obligation Debt Per Capita	\$ 322.83
Ratio of General Obligation Debt to Assessed Value	2.40%

<sup>(1)</sup> Source: US Census Bureau, 2010 census

<sup>(2)</sup> Source: Jefferson County Tax Assessor

## Schedule A

### Jefferson County, Alabama Sewer Revenue Warrants

#### Fixed Rate Warrants

Series 1997-A

CUSIP

472682NV1

472682NW9

472682NX7

472682MC4

472682MD2

Series 2001-A

CUSIP

472682JE4

472682JF1

472682JG9

472682JH7

472682JJ3

472682JL8

472682JM6

472682JN4

Series 2003-B-8

CUSIP

472682MN0

472682MP5

472682MQ3

472682MR1

472682MS9

#### Variable Rate Demand Warrants

Series 2002-A

CUSIP

472682PU1

Subseries

2002-A

Series 2002-C

<u>CUSIP</u>	<u>Subseries</u>
472682PV9	2002-C-2
472682PW7	2002-C-3
472682PX5	2002-C-4
472682PY3	2002-C-6
472682PZ0	2002-C-7

Series 2003-B

<u>CUSIP</u>	<u>Subseries</u>
472682QA4	2003-B-2
472682QB2	2003-B-3
472682QC0	2003-B-4
472682QD8	2003-B-5
472682QE6	2003-B-6
472682QF3	2003-B-7

**Auction Rate Warrants**

Series 2002-C

<u>CUSIP</u>	<u>Subseries</u>
472682KA0	2002-C-1-A
472682KB8	2002-C-1-B
472682KC6	2002-C-1-C
472682KD4	2002-C-1-D
472682KH5	2002-C-5

Series 2003-B

<u>CUSIP</u>	<u>Subseries</u>
472682LH4	2003-B-1-A
472682LJ0	2003-B-1-B
472682LK7	2003-B-1-C
472682LL5	2003-B-1-D
472682LM3	2003-B-1-E

Series 2003-C

<u>CUSIP</u>	<u>Subseries</u>
472682NA7	2003-C-1
472682NB5	2003-C-2
472682NC3	2003-C-3
472682ND1	2003-C-4
472682NE9	2003-C-5
472682NF6	2003-C-6
472682NG4	2003-C-7
472682NH2	2003-C-8
472682NJ8	2003-C-9
472682NK5	2003-C-10

**Jefferson County, Alabama  
General Obligation Warrants**

**Fixed Rate Warrants**

*Series 2001-A*

CUSIP

472628NR3

*Series 2003-A*

CUSIP

472628PF7

472628PG5

472628PH3

472628PJ9

472628PK6

472628PL4

472628PM2

*Series 2004-A*

CUSIP

472628PQ3

472628PR1

472628PS9

472628PT7

472628PU4

472628PV2

472628PW0

472628PX8

472628PY6

472628PZ3

472628QA7

472628QB5

472628QC3

472628QD1

**Variable Rate Demand Warrants**

*Series 2001-B*

CUSIP

472628NS1

**Jefferson County, Alabama  
Limited Obligation School Warrants**

**Fixed Rate Warrants**

Series 2004-A

CUSIP

472653AF1  
472653AG9  
472653AH7  
472653AJ3  
472653AK0  
472653AL8  
472653AM6  
472653AN4  
472653AP9  
472653AQ7  
472653AR5  
472653AS3  
472653AT1  
472653AU8

**Auction Rate Warrants**

Series 2005-A

CUSIP

Subseries

472653BA1	2005-A-1
472653BB9	2005-A-2
472653BC7	2005-A-3
472653BD5	2005-A-4

**Variable Rate Demand Warrants**

Series 2005-B

CUSIP

472653BE3

**Alabama Water Pollution Control Authority**

**Revolving Loan Fund Refunding Bonds**

Series 2003-B

CUSIP

010653QW6  
010653QX4  
010653QY2  
010653QZ9  
010653RA3

## Jefferson County Public Building Authority

### Lease Revenue Warrants

*Series 2006*

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CUSIP

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47267PAD5

47267PAE3

47267PAF0

47267PAG8

47267PAH6

47267PAJ2

47267PAK9

47267PAL7

47267PAM5

47267PAN3

47267PAP8

47267PAQ6