

# **JEFFERSON COUNTY, ALABAMA**

## **ANNUAL REPORT**

**March 28, 2008**

### **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, 2007 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 financial statements for the fiscal year ended September 30, 2007 as of the date of this Annual Report. The County will submit financial statements for the fiscal year ended September 30, 2007 when they become available.

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

<b>Fiscal Year Ending September 30</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Active Accounts	145,946	140,499	143,818	145,099
Average Daily Treatment Volume (millions of gallons treated)	84	112	126	100
Sewer Charges	\$ 153,472,383	\$ 132,953,655	\$ 123,980,100	\$ 118,809,266
% Revenue- Largest Customer	1.37%	1.69%	3.23%	3.98%
% Revenue- Top Ten Customers	5.40%	7.02%	11.40%	12.66%

<b>2007 Top Ten Customers</b>	<b>Consumption</b>	<b>Billed</b>
U.S. Steel	486,239	\$ 2,103,860
University of Alabama- Birmingham	142,485	\$ 961,793
Brookwood Hospital AMI	118,249	\$ 797,185
Samford University	102,538	\$ 689,141
Jefferson County Jail	102,209	\$ 683,890
The Children's Hospital	94,456	\$ 636,806
Barber's Pure Milk Co.	135,333	\$ 630,094
U.S. Steel	141,847	\$ 613,313
Birmingham Housing Authority	87,051	\$ 587,481
Pemco Aeroplex Inc.	86,511	\$ 584,495
	<u>1,496,918</u>	<u>\$ 8,288,058</u>

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

	<b>Fiscal Year Ended September 30, (in thousands)</b>			
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Operating Revenues				
Taxes	\$ 4,993	\$ 4,730	\$ 4,630	\$ 4,113
Intergovernmental	99	99		
Charges for services	148,914	132,954	127,757	117,236
Other operating revenue	43	2,332	954	425
Total operating revenue	<u>154,049</u>	<u>140,115</u>	<u>133,341</u>	<u>121,774</u>
Operating Expenses				
Salaries and wages	21,418	21,287	20,681	21,363
Employee benefits and payroll taxes	7,552	5,964	6,038	5,998
Materials and supplies	620	1,417	1,380	1,991
Utilities	9,554	7,414	6,072	5,665
Outside services	8,940	6,385	6,212	6,198
Office expense	1,846	2,317	2,795	771
Depreciation	89,488	88,242	86,652	81,647
Other	60	8	7	118
Total operating expenses	<u>139,478</u>	<u>133,034</u>	<u>129,837</u>	<u>123,751</u>
Operating income (loss)	<u>\$ 14,571</u>	<u>\$ 7,081</u>	<u>\$ 3,504</u>	<u>\$ (1,977)</u>
Nonoperating Revenues (Expenses)				
Interest expense	(157,410)	(126,729)	(109,468)	(156,198)
Interest revenue	24,568	44,256	32,586	69,045
Amortization of bond issue costs	(12,444)	(12,372)	141	3
Indirect costs		(4,747)	(12,159)	(4,857)
Gain (loss) on disposal of fixed assets	59	22	(3,784)	(3,092)
Indirect cost recovery			(1,311)	33
Net nonoperating revenues (expenses)	<u>(145,227)</u>	<u>(99,570)</u>	<u>(93,995)</u>	<u>(95,066)</u>
Operating Transfers in	382		30	
Operating Transfers out	(4)			(290)
Total operating transfers	<u>378</u>	<u>0</u>	<u>30</u>	<u>(290)</u>
Change in net assets	(130,278)	(92,489)	(90,461)	(97,333)
Total net assets, beginning of year	<u>1,076,261</u>	<u>1,168,750</u>	<u>1,259,211</u>	<u>1,301,801</u>
Total net assets, end of year	<u>\$ 945,983</u>	<u>\$ 1,076,261</u>	<u>\$ 1,168,750</u>	<u>\$ 1,204,468</u>

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

	<b>As of September 30, (in thousands)</b>			
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Assets</b>				
Cash and investments	\$ 490,207	\$ 600,777	\$ 766,803	\$ 941,765
Accounts receivable, net	20,973	21,143	16,797	16,940
Property taxes receivable, net	4,993	4,618	4,374	3,564
Interest receivable			3,136	2,486
Due from other governmental units	955	809	843	922
Inventories	400	941	886	946
Prepaid items	2	3	11	8
Assets held for sale	525			
Deferred charges - issuance costs	67,814	59,731	50,539	406,990
Fixed assets, net	3,345,748	3,344,956	3,310,147	3,177,307
Total assets	<u>\$ 3,931,617</u>	<u>\$ 4,032,978</u>	<u>\$ 4,153,536</u>	<u>\$ 4,550,928</u>
<b>Liabilities</b>				
Accounts payable	\$ 6,471	\$ 4,470	\$ 14,770	\$ 29,419
Interest payable	15,862		21,940	19,472
Accrued wages and benefits payable	887	865	763	644
Retainage payable	2,535	8,215	13,008	15,385
Estimated liability for compensated absences	3,644	3,752	3,635	3,654
Due to other funds				
Deferred revenue	4,993	4,846	4,603	3,793
Arbitrage rebate payable	3,379	3,379	1,260	2,383
Warrants payable	3,260,895	3,264,750	3,269,115	3,271,710
Add: Unamortized Premiums	9,779			
Less: Deferred loss on refunding	(322,811)	(333,560)	(344,308)	
Total liabilities	<u>2,985,634</u>	<u>2,956,717</u>	<u>2,984,786</u>	<u>3,346,460</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	914,055	1,415,810	1,747,160	1,251,757
Unrestricted	31,928	(339,549)	(578,410)	(47,289)
Total Net Assets	<u>\$ 945,983</u>	<u>\$ 1,076,261</u>	<u>\$ 1,168,750</u>	<u>\$ 1,204,468</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

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*	\$ 56,160,057
2006	94,763,417
2007	96,887,288

\*Tax implemented January in 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

Source: Jefferson County Revenue Department

## Assessed Valuation

### Net Assessed Value (1)

Tax Year Ending September 30 <sup>(2)</sup>	Real & Personal Property and Public Utility		Total Net Assessed Values
	Property	Motor Vehicles	
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

<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. The aggregate assessed value of shares of Alabama corporations with a home or principal office in the county (as calculated under prior law) was included in the totals for tax year 1999 and prior years.

Sources: Jefferson County Tax Assessor, Abstract of Assessments, Exemptions and Ad Valorem Taxes, 2002 - 2007; prior years' data from earlier disclosure documents.

## Principal Ad Valorem Taxpayers -- Tax Year 2007

<u>Ranking</u>	<u>Name</u>	<u>County Tax</u>	<u>Total Assessment</u>
1	Alabama Power Company	\$6,055,789	\$509,958,089
2	BellSouth	2,878,259	299,398,510
3	USX Corporation	1,272,807	95,246,126
4	Regions Bank	689,612	73,813,928
5	Wachovia Bank	482,249	35,731,773
6	Alabama Gas Corp	462,901	38,441,830
7	Hoover Mall Limited L P	397,753	29,463,180
8	Protective Life Insurance Company	382,578	28,339,138
9	Blue Cross & Blue Shield	347,801	25,763,034
10	American Cast Iron Pipe Company	332,902	32,206,211

Source: Jefferson County Tax Assessor

## Ad Valorem Tax Collection

<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>
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, 2007</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, 2005, through February 1, 2027	\$ 57,030,000
Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001, maturing February 1, 2007, through February 1, 2041	14,570,000
Sewer Revenue Capital Improvement Warrants, Series 2002-A, maturing February 1, 2042	110,000,000
Sewer Revenue Capital Improvement Warrants, Series 2002-C, maturing February 1, 2040	836,800,000
Sewer Refunding Warrants, Series 2003-A, maturing February 15, 2005 through February 15, 2015	28,275,000
Sewer Revenue Refunding Warrants, Series 2003-B, maturing February 1, 2009 through February 1, 2042	1,155,765,000
Sewer Revenue Refunding Warrants, Series 2003-C, maturing February 1, 2009 through February 1, 2036, and February 1, 2038 through February 1, 2042	1,052,025,000
Limited Obligation School Warrants, Series 2004-A, maturing January 1, 2007 through January 1, 2025	629,080,000
Limited Obligation School Warrants, Series 2005-A, maturing January 1, 2007 through January 1, 2027	172,250,000
Limited Obligation School Warrants, Series 2005-B, maturing January 1, 2007 through January 1, 2027	124,450,000
Lease Revenue Warrants, Series 2006, issued by the Jefferson County Public Building Authority, maturing April 1, 2008 through April 1, 2021 and April 1, 2025 and 2026	<u>86,745,000</u>
TOTAL	\$ 4,180,245,000
<b><u>Obligations Subject to Debt Limit</u></b>	
General Obligation Warrants, Series 2001-A, maturing April 1, 2005 through April 1, 2011	\$ 36,800,000
General Obligation Warrants, Series 2001-B, maturing April 1, 2021	120,000,000
General Obligation Capital Improvement and Refunding Warrants, Series 2003-A maturing April 1, 2005 through April 1, 2023	62,125,000
General Obligation Capital Improvement Warrants, Series 2004-A, maturing April 1, 2011 through April 1, 2024	<u>51,020,000</u>
TOTAL	\$ 269,945,000

## Debt Service Requirements on General Obligation Debt

Fiscal Year Ending September 30	Principal	Interest <sup>(1) (2)</sup>	Total
9/30/2008	\$ 14,430,000	\$ 12,432,945	\$ 26,862,945
9/30/2009	15,135,000	11,711,445	26,846,445
9/30/2010	12,805,000	10,954,695	23,759,695
9/30/2011	12,055,000	10,314,445	22,369,445
9/30/2012	12,575,000	9,797,505	22,372,505
9/30/2013	13,115,000	9,276,205	22,391,205
9/30/2014	13,695,000	8,712,965	22,407,965
9/30/2015	14,300,000	8,123,166	22,423,166
9/30/2016	14,935,000	7,505,564	22,440,564
9/30/2017	15,600,000	6,858,731	22,458,731
9/30/2018	16,320,000	6,161,442	22,481,442
9/30/2019	17,065,000	5,435,259	22,500,259
9/30/2020	17,825,000	4,694,473	22,519,473
9/30/2021	18,645,000	3,901,570	22,546,570
9/30/2022	19,490,000	3,072,250	22,562,250
9/30/2023	20,465,000	2,097,750	22,562,750
9/30/2024	21,490,000	1,074,500	22,564,500
TOTAL	\$ 269,945,000	\$ 122,124,907	\$ 392,069,907

<sup>(1)</sup> For purposes of this table, interest payments on the County's Series 2001-B Warrants have been computed to include interest at an assumed rate of 4.295% per annum, the fixed rate the County is obligated to pay under a swap agreement.

<sup>(2)</sup> Series 2001-B was synthetically fixed at an interest rate of 4.295% per annum using a fixed payer swap which is cancellable by the counterparty at no cost beginning April 1, 2008. The fixed rate assumes that the County's required interest payments on the warrants will match its receipts under the swap. As a result of financial market disruptions in 2008, substantially all of these warrants have been tendered to the liquidity provider and now carry a bank interest rate that is substantially higher than that received by the County under the swap contract. Further, as a result of the tenders, these warrants may be subject to a bank amortization schedule that is substantially accelerated compared to the mandatory redemption schedule set forth in the Trust Indenture and assumed in this table.

## Jefferson County, Alabama Debt Ratios

Population <sup>(1)</sup>	657,388
Assessed Value of Taxable Property <sup>(2)</sup>	8,703,992,880
General Obligation Debt	269,945,000
General Obligation Debt Per Capita	\$ 410.63
Ratio of General Obligation Debt to Assessed Value	3.10%

<sup>(1)</sup> Source: Claritas, 2007 estimate

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

## Exhibit A

### Jefferson County, Alabama Sewer Revenue Warrants

#### Fixed Rate Warrants

---

*Series 1997 A*

---

---

**CUSIP**

---

472682NV1  
472682NW9  
472682NX7  
472682MC4  
472682MD2

---

*Series 2001 A*

---

---

**CUSIP**

---

472682JB0  
472682JC8  
472682JD6  
472682JE4  
472682JF1  
472682JG9  
472682JH7  
472682JJ3  
472682JL8  
472682JM6  
472682JN4

---

*Series 2003-B-8*

---

---

**CUSIP**

---

472682ML4  
472682MM2  
472682MN0  
472682MP5  
472682MQ3  
472682MR1  
472682MS9

[Continued on following page]

**Jefferson County, Alabama  
Sewer Revenue Warrants**

**Variable Rate Demand Warrants**

*Series 2002 A*

CUSIP	Subseries
472682JW4	2002 A

*Series 2002 C*

CUSIP	Subseries
472682KE2	2002 C-2
472682KF9	2002 C-3
472682KG7	2002 C-4
472682KJ1	2002 C-6
472682KK8	2002 C-7

*Series 2003 B*

CUSIP	Subseries
472682LN1	2003 B-2
472682LP6	2003 B-3
472682LQ4	2003 B-4
472682LR2	2003 B-5
472682LS0	2003 B-6
472682LT8	2003 B-7

**Auction Rate Warrants**

*Series 2002 C*

CUSIP	Subseries
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*

CUSIP	Subseries
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*

CUSIP	Subseries
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

472628NN2  
472628NP7  
472628NQ5  
472628NR3

*Series 2003-A*

CUSIP

472628PC4  
472628PD2  
472628PE0  
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**

<i>Series 2004-A</i>	
CUSIP	
472653AC8	
472653AD6	
472653AE4	
472653AF1	
472653AG9	
472653AH7	
472653AJ3	
472653AK0	
472653AL8	
472653AM6	
472653AN4	
472653AP9	
472653AQ7	
472653AR5	
472653AS3	
472653AT1	
472653AU8	

**Auction Rate Warrants**

<i>Series 2005-A</i>		
CUSIP	Subseries	
472653BA1	2005-A-1	
472653BB9	2005-A-2	
472653BC7	2005-A-3	
472653BD5	2005-A-4	

**Variable Rate Demand Warrants**

<i>Series 2005-B</i>	
CUSIP	
472653BE3	

**Alabama Water Pollution Control Authority**

**Revolving Fund Loan Refunding Bonds**

*Series 2003-B*

CUSIP

010653QT3  
010653QU0  
010653QV8  
010653QW6  
010653QX4  
010653QY2  
010653QZ9  
010653RA3

**Jefferson County Public Building Authority**

**Lease Revenue Warrants**

*Series 2006*

CUSIP

47267PAA1  
47267PAB9  
47267PAC7  
47267PAD5  
47267PAE3  
47267PAF0  
47267PAG8  
47267PAH6  
47267PAJ2  
47267PAK9  
47267PAL7  
47267PAM5  
47267PAN3  
47267PAP8  
47267PAQ6