JEFFERSON COUNTY COMMISSION

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

Warren Averett
CPAs AND ADVISORS

JEFFERSON COUNTY COMMISSION
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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, 2019. 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 2019. 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 $6.0 million in the current year. The net position of our business-type activities decreased by $100.5 million in the current year, while the net position of our governmental activities increased by $94.5 million. The decrease of business activities is primarily due to sanitary operations debt-related interest expenses. The governmental activities increase is due to continuing growth in property tax revenues and relative reduction in operating expenses.

- The net position of the governmental activities is $72.4 million and includes increased cash and investments including general fund reserves as well as increased net pension assets.

- Total revenues of the governmental activities increased $10.6 million or 2.5% from 2018 to 2019, and total expenditures decreased $25.7 million, or 6.93%.

- The Commission's business-type activities have a total net position of $514.6 million, but a negative $60.6 million is unrestricted. Revenues of the business-type activities increased $21.5 million in 2019, or 8.85%, and expenses increased $15.6 million or 4.45%.

- The General Fund increased reserves by $24.0 million while other governmental funds reserves decreased by $15.7 million. The decrease in reserves of the other governmental funds is mainly due to capital outlays and debt retirement.

Overview of the Financial Statements

This annual report consists of three parts: 1) management's discussion and analysis (this section), 2) the basic financial statements, and 3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the Commission.

- The first two statements are ***government-wide financial statements*** that provide both *long-term* and *short-term* information about the Commission's overall financial status.

- The remaining statements are ***fund financial statements*** that focus on individual parts of the Commission's government, reporting the Commission's operation in *more detail* than the government-wide statements.

- 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.

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 2018 and 2019 by approximately $5.9 million to $587.0 million. Net position for business-type activities decreased 16.3% to $514.6 million while the net position of the governmental activities increased by $94.5 to $72.4 million. The following tables present financial information for governmental and business-type activities for the year ended September 30, 2019 with comparative data for the fiscal year ended September 30, 2018.

Table A-1
Jefferson County Commission's Net Position
(In thousands of dollars)

	Governmental Activities 2019	Governmental Activities 2018	Change	Percent Change	Business-Type Activities 2019	Business-Type Activities 2018	Change	Percent Change	Total 2019	Total 2018	Change	Percent Change
Assets:												
Current and Other Assets	$ 627,029	$ 547,794	$ 79,235	14.46%	$ 518,506	$ 451,082	$ 67,424	14.95%	$ 1,145,535	$ 998,876	$ 146,659	14.68%
Capital Assets (Net)	362,386	330,921	31,465	9.51%	2,171,151	2,247,935	(76,784)	-3.42%	2,533,537	2,578,856	(45,319)	-1.76%
Total Assets	989,415	878,715	110,700	12.60%	2,689,657	2,699,017	(9,360)	-0.35%	3,679,072	3,577,732	101,340	2.83%
Deferred Outflows of Resources	30,190	32,993	(2,803)	-8.50%	2,554	2,940	(386)	-13.13%	32,744	35,933	(3,189)	-8.87%
Liabilities:												
Current Liabilities	119,920	111,784	8,136	7.28%	56,258	72,163	(15,905)	-22.04%	176,178	183,947	(7,769)	-4.22%
Other Liabilities	589,568	634,732	(45,164)	-7.12%	2,100,543	2,001,983	98,560	4.92%	2,690,111	2,636,715	53,396	2.03%
Total Liabilities	709,488	746,516	(37,028)	-4.96%	2,156,801	2,074,146	82,655	3.99%	2,866,289	2,820,662	45,627	1.62%
Deferred Inflows of Resources	237,701	187,301	50,400	26.91%	20,787	12,687	8,100	63.84%	258,488	199,988	58,500	29.25%
Net Position:												
Net Investment in Capital Assets	355,613	326,326	29,287	8.97%	181,147	307,447	(126,300)	-41.08%	536,760	633,773	(97,013)	-15.31%
Restricted	203,557	181,451	22,106	12.18%	394,063	369,012	25,051	6.79%	597,620	550,463	47,157	8.57%
Unrestricted	(486,754)	(529,886)	43,132	-8.14%	(60,587)	(61,335)	748	-1.22%	(547,341)	(591,221)	43,880	-7.42%
Total Net Position	$ 72,416	$ (22,109)	$ 94,525	-427.54%	$ 514,623	$ 615,124	$ (100,501)	-16.34%	$ 587,039	$ 593,015	$ (5,976)	-1.01%

Changes in net position. The Commission’s total revenues were approximately $704.0 million. (See table A-2). Approximately 17.20% of the Commission’s revenues come from property taxes, 30.98% come from sales taxes, 37.02% 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 $710.0 million. The Commission’s expenses cover a range of services with over 50.71% related to sanitary operations and another 18.17% and 12.04% related to general government and public safety, respectively.

The Commission was not able to fully fund this year’s cost through current year revenues which resulted in a decrease in net position of $6.0 million. Table A-2 and the narrative that follows consider the operation of government and business-type activities separately.

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

	Governmental Activities 2019	Governmental Activities 2018	Change	Total Percentage Change	Business-Type Activities 2019	Business-Type Activities 2018	Change	Total Percentage Change	Total 2019	Total 2018	Change	Total Percentage Change
Revenues												
Program Revenues:												
Charges for Services	$ 30,702	$ 33,467	$ (2,765)	-8.26%	$ 229,929	$ 223,789	$ 6,140	2.74%	$ 260,631	$ 257,256	$ 3,375	1.31%
Operating Grants and Contributions	16,586	21,151	(4,565)	-21.58%	-	-	-	0.00%	16,586	21,151	(4,565)	-21.58%
Capital Grants and Contributions	7,667	-	7,667	100.00%	12,366	10,027	2,339	23.33%	20,033	10,027	10,006	99.79%
Indirect Expenses Allocation	8,234	7,342	892	12.15%	-	-	-	0.00%	8,234	7,342	892	12.15%
General Revenues:												
Property Taxes	114,503	111,931	2,572	2.30%	6,564	6,441	123	1.91%	121,067	118,372	2,695	2.28%
Sales Taxes	218,092	219,428	(1,336)	-0.61%	-	-	-	0.00%	218,092	219,428	(1,336)	-0.61%
Other Taxes	8,710	8,527	183	2.15%	-	-	-	0.00%	8,710	8,527	183	2.15%
Licenses and Permits	13,243	12,824	419	3.27%	-	-	-	0.00%	13,243	12,824	419	3.27%
Unrestricted Investment Earnings	2,765	1,447	1,318	91.09%	13,343	486	12,857	2645.47%	16,108	1,933	14,175	733.32%
Miscellaneous	14,444	15,498	(1,054)	-6.80%	2,678	2,597	81	3.12%	17,122	18,095	(973)	-5.38%
Contributions of Infrastructure Assets	7,352	-	7,352	100.00%	-	-	-	0.00%	7,352	-	7,352	100.00%
Transfers to Agency Funds	(3,152)	(3,113)	(39)	1.25%	-	-	-	0.00%	(3,152)	(3,113)	(39)	1.25%
Total Revenues and Transfers	439,146	428,502	10,644	2.48%	264,880	243,340	21,540	8.85%	704,026	671,842	32,184	4.79%
Expenses												
General Government	129,007	128,222	785	0.61%	-	-	-	0.00%	129,007	128,222	785	0.61%
Public Safety	85,462	85,227	235	0.28%	-	-	-	0.00%	85,462	85,227	235	0.28%
Highways and Roads	30,418	38,365	(7,947)	-20.71%	-	-	-	0.00%	30,418	38,365	(7,947)	-20.71%
Health and Welfare	54,360	57,364	(3,004)	-5.24%	-	-	-	0.00%	54,360	57,364	(3,004)	-5.24%
Community Development	5,811	4,805	1,006	20.94%	-	-	-	0.00%	5,811	4,805	1,006	20.94%
Contributions to Other Entities	24,100	37,384	(13,284)	-35.53%	-	-	-	0.00%	24,100	37,384	(13,284)	-35.53%
Interest and Fiscal Charges	15,463	18,919	(3,456)	-18.27%	-	-	-	0.00%	15,463	18,919	(3,456)	-18.27%
Economic and Industrial Development Authority	-	-	-	0.00%	970	1,196	(226)	-18.90%	970	1,196	(226)	-18.90%
Landfill Operations	-	-	-	0.00%	4,384	1,761	2,623	148.95%	4,384	1,761	2,623	148.95%
Sanitary Operations	-	-	-	0.00%	360,027	346,866	13,161	3.79%	360,027	346,866	13,161	3.79%
Total Expenses	344,621	370,286	(25,665)	-6.93%	365,381	349,823	15,558	4.45%	710,002	720,109	(10,107)	-1.40%
Change in Net Position	94,525	58,216	$ 36,309	62.37%	(100,501)	(106,483)	$ 5,982	-5.62%	(5,976)	(48,267)	$ 42,291	-87.62%
Net Position - Beginning	(22,109)	(7,364)			615,124	742,198			593,015	734,834		
Restatement (Note B)		(72,961)				(20,591)			0	(93,552)		
Net Position - as restated at beginning of year	(22,109)	(80,325)			615,124	721,607			593,015	641,282		
Net Position - Ending	$ 72,416	$ (22,109)			$ 514,623	$ 615,124			$ 587,039	$ 593,015		

The Commission's total revenues increased by $32.2 million, or 4.79%, from the previous year. The total cost of all programs and services decreased $10.1 million or 1.40%.

Governmental Activities

Total revenue from governmental activities increased $10.6 million or 2.48% from the prior year. The total cost of all programs decreased $25.7 million or 6.93% from the prior year.

Charges for services decreased $ 2.8 million or 8.26% from the prior year. Operating and Capital Grants and Contributions rose $3.1 million due mainly to higher community development contributions in FY 2019.

Property taxes for governmental activities increased $2.6 million from last year or 2.30%. Sales taxes decreased $1.3 million or 0.61% due to a somewhat slower economy. License and permit revenue increased $0.4 million or 3.27%. Unrestricted investment earnings increased $1.3 million or 91.09%

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.

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

	Total Cost of Services		Percentage Change	Net Cost of Services	
	2019	2018	2018-2019	2019	2018
General government	$ 129,007	$ 128,222	0.61%	$ 74,144	$ 74,941
Public safety	85,462	85,227	0.28%	85,462	85,227
Highways and roads	30,418	38,365	-20.71%	29,229	36,576
Health and welfare	54,360	57,364	-5.24%	53,809	54,995
Community development	5,811	4,805	20.94%	(1,121)	284
Contributions to other entities	24,100	37,384	-35.53%	24,100	37,384
Interest and fiscal charges	15,463	18,919	-18.27%	15,463	18,919
Totals	$ 344,621	$ 370,286	-6.93%	$ 281,086	$ 308,326

The cost of all governmental activities this year was $344.6 million, including depreciation expense of $25.7 million. The total cost decreased from the prior year by $25.7 million. The decrease was mainly due to lower current year education contributions compared to contributions that were paid in FY 2018 as a result of a Limited Obligation School Warrants refunding.

The net cost to taxpayers for these activities was $281.1 million. Some of these costs were paid by:

- Those who directly benefited from the programs ($30.7 million), or
- Other governments and organizations that subsidized certain programs with grants and contributions ($24.3 million)
- The commission paid for the $281.1 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 increased $21.5 million, or 8.85% predominantly due to increased charges for services and stronger investment earnings.

Total expenses in program services increased $15.6 million or 4.45%.

Financial Analysis of the Commission’s Funds
As the Commission completed the year, its governmental funds reported a combined fund balance of $234.5 million representing an increase of $8.4 million from the prior year’s combined fund balance of $226.1 million.

The General Fund balance increased $24.0 million in the current year. Factors contributing to the increase were as follows:

- Revenues increased $5.6 million due mainly to increases in tax collections. Expenses increased mainly in the general government program.

- Net Transfers into the General Fund decreased $7.1 million over the prior year, mainly due to reduced transfers from the Indigent Care fund and into General Fund Reserves. Transfers out of the General Fund benefited the Road Construction Fund by $10.3 million.

The Special Sales Tax Revenue Fund balance decreased $0.02 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 $0.2 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 increased $4.3 million despite a $4.5 million decrease in tax revenues in the current year compared to the prior year.

The Sanitary Operations Fund Net Position decreased $96.7 million compared to a $105.3 million decrease in FY 2018. Although the sanitary operations fund had a $6.3 million increase in revenues, this was offset by a $9.5 million increase in operating expenses and a $11.7 million decrease in non-operating expenses.

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 page 100 through 103 for the general fund and all major special revenue funds.

Capital Asset and Debt Administration
At the end of fiscal year 2019, the Commission had invested $2.5 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 $45.3 million, or 1.76% from the previous year.

Table A-4
Capital Assets
(Net of depreciation in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Land	$ 18,302	$ 18,180	$ 30,284	$ 30,284	$ 48,586	$ 48,464
Construction in Progress	61,214	32,052	104,130	132,534	165,344	164,586
Buildings	168,327	171,900	540,879	564,372	709,206	736,272
Equipment	33,182	29,089	12,671	12,282	45,853	41,371
Infrastructure	81,361	79,700	1,483,187	1,508,463	1,564,548	1,588,163
	$ 362,386	$ 330,921	$2,171,151	$2,247,935	$2,533,537	$2,578,856
Depreciable assets, net	$ 282,870	$ 280,689	$2,036,737	$2,085,117	$2,319,607	$2,365,806
Nondepreciable assets	79,516	50,232	134,414	162,818	213,930	213,050
Total	$ 362,386	$ 330,921	$2,171,151	$2,247,935	$2,533,537	$2,578,856

Major additions during the year were in construction in progress and buildings. Sewer infrastructure was the area of largest increase in FY 2019. The Commission has budgeted approximately $117.1 million for capital assets for fiscal year FY 2020.

Debt

At year end, the Commission had $2.5 billion in warrants outstanding which included $320.2 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	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**Change**	**Percent Change**
General Obligation Warrants (backed by the County)	$ 128,195	$ 150,640	$ -	$ -	$ 128,195	$ 150,640	$ (22,445)	-14.90%
Lease Revenue Warrants (backed by lease revenues)	-	-	-	-	-	-	-	0.00%
Limited Obligation Warrants (backed by sales tax)	320,165	330,720			320,165	330,720	(10,555)	-3.19%
Revenue Warrants (backed by Sewer fees)			2,052,555	2,005,052	2,052,555	2,005,052	47,503	2.37%
	$ 448,360	$ 481,360	$ 2,052,555	$ 2,005,052	$ 2,500,915	$ 2,486,412	$ 14,503	0.58%

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 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 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 approximately $602 million in research awards in 2019 and was ranked twenty-second nationally in National Institutes of Health financed research among all universities in the same year. The 2019 total for all research awards reflects an approximately $75 million increase over 2018 including $328 million in 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).

The Commission's Series 2013 Sewer Revenue Warrants were assigned underlying ratings by S&P Global Ratings, Inc. (S&P) at the time of issuance. On December 21, 2018, S&P upgraded the underlying rating assigned to the Series 2013 Senior Lien Warrants from 'BBB' to 'BBB+' and the underlying rating assigned to the Series 2013 Subordinate Lien Warrants from 'BBB-' to 'BBB'. The underlying ratings of the Warrants were classified as "Outlook Stable" by S&P. The rating increases reflect the Commission's continued commitment to raise rates pursuant to the terms of the County's Bankruptcy Plan of Adjustment, which has resulted in continued positive operating margins for the Sewer System. In addition, the legal challenges related to the Plan of Adjustment and the issuance of the Series 2013 Sewer Revenue Warrants have now been resolved in the Commission's favor.

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.

Warren Averett
CPAs AND ADVISORS

2500 Acton Road
Birmingham, AL 35243
205.979.4100
warrenaverett.com

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, 2019, 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. 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, 2019, 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 4 through 12 and pages 100 through 104 and the pension and other post-employment benefit 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 transmittal letter and 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, included in the supplementary information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, 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.

Warren Averett, LLC

Birmingham, Alabama
March 27, 2020

JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019
(IN THOUSANDS)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and investments	$ 183,058	$ 18,227	$ 201,285
Accounts receivable, net	4,383	32,634	37,017
Taxes receivable, net	197,636	6,866	204,502
Due from (to) other governments	-	1,866	1,866
Prepaid expenses and other current assets	1,205	-	1,205
Bond insurance costs	-	1,049	1,049
Restricted assets – current	5,701	375,625	381,326
Total Current Assets	391,983	436,267	828,250
Noncurrent Assets			
Advances due from other funds	36,054	-	36,054
Investments – property held for sale	-	25,220	25,220
Bond insurance costs	-	30,421	30,421
Loans receivable, net	15,785	-	15,785
Net pension asset	152,993	26,379	179,372
Restricted assets	30,214	219	30,433
Capital assets:			
Depreciable assets, net	282,870	2,036,737	2,319,607
Nondepreciable assets	79,516	134,414	213,930
	597,432	2,253,390	2,850,822
Deferred Outflows of Resources			
Commitment to BJCC	17,484	-	17,484
Deferred outflows - pension	9,260	1,597	10,857
Deferred outflows - OPEB	3,446	957	4,403
	30,190	2,554	32,744
	$ 1,019,605	$ 2,692,211	$ 3,711,816

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019
(IN THOUSANDS)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Governmental Activities	Business-Type Activities	Total
Current Liabilities			
Accounts payable	$ 29,208	$ 14,725	$ 43,933
Deposits payable	2,015	-	2,015
Accrued wages and benefits	6,803	1,143	7,946
Accrued interest	3,968	35,183	39,151
Retainage payable	991	3,063	4,054
Due to other governments	24,291	637	24,928
Estimated liability for compensated absences	9,278	1,604	10,882
Estimated litigation liability	2,378	262	2,640
Estimated claims liability	1,513	677	2,190
Current portion of commitment to BJCC	339	-	339
Warrants payable	32,970	-	32,970
Add: Unamortized premiums (discounts)	6,166	(1,036)	5,130
	39,136	(1,036)	38,100
Total Current Liabilities	119,920	56,258	176,178
Noncurrent Liabilities			
Capital lease obligations	6,773	-	6,773
Advances due to other funds	-	36,054	36,054
Estimated liability for landfill closure and postclosure care costs	-	16,572	16,572
Total OPEB liability	79,251	22,001	101,252
Estimated liability for compensated absences	9,944	2,130	12,074
Estimated litigation liability	15,796	-	15,796
Estimated claims liability	4,759	1,276	6,035
Commitment to BJCC	17,145	-	17,145
Warrants payable	415,390	2,052,555	2,467,945
Add: Unamortized premiums (discounts)	40,510	(30,045)	10,465
	455,900	2,022,510	2,478,410
Total Liabilities	709,488	2,156,801	2,866,289
Deferred Inflows of Resources			
Property taxes	156,568	7,086	163,654
Gain on refunding of warrants, net	10,339	-	10,339
Deferred inflows - pension	56,587	9,757	66,344
Deferred inflows - OPEB	14,207	3,944	18,151
Net Position			
Net investment in capital assets	355,613	181,147	536,760
Restricted for:			
Debt service or capital improvements	-	375,625	375,625
Debt service	21,531	-	21,531
Closure and postclosure care	-	219	219
Net pension asset and deferred outflows/inflows	105,666	18,219	123,885
Other purposes	76,360	-	76,360
Unrestricted	(486,754)	(60,587)	(547,341)
	$ 72,416	$ 514,623	$ 587,039

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(IN THOUSANDS)

			Program Revenues			Net (Expenses) Revenues and Changes in Net Position Primary Government		
	Expenses	Indirect Expense Allocation	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	$ 129,007	$ (8,234)	$ 30,594	$ 16,035	$ -	$ (74,144)	$ -	$ (74,144)
Public safety	85,462	-	-	-	-	(85,462)	-	(85,462)
Highways and roads	30,418	-	108	-	1,081	(29,229)	-	(29,229)
Health and welfare	52,048	2,312	-	551	-	(53,809)	-	(53,809)
Community development	5,811	-	-	-	6,586	775	-	775
Contributions to other entities	24,100	-	-	-	-	(24,100)	-	(24,100)
Interest and fiscal charges	15,463	-	-	-	-	(15,463)	-	(15,463)
Total Governmental Activities	342,309	(5,922)	30,702	16,586	7,667	(281,432)	-	(281,432)
Business-Type Activities:								
Economic and Industrial Development Authority	970	-	-	-	-	-	(970)	(970)
Landfill operations	4,252	132	-	-	-	-	(4,384)	(4,384)
Sanitary operations	354,219	5,808	229,929	-	12,366	-	(117,732)	(117,732)
Total Business-Type Activities	359,441	5,940	229,929	-	12,366	-	(123,086)	(123,086)
Total Primary Government	$ 701,750	$ 18	$ 260,631	$ 16,586	$ 20,033	(281,432)	(123,086)	(404,518)
General Revenues and Transfers								
Taxes:								
Property taxes						114,503	6,564	121,067
Sales tax						218,092	-	218,092
Other taxes						8,710	-	8,710
Licenses and permits						13,243	-	13,243
Unrestricted investment earnings						2,765	13,343	16,108
Miscellaneous						14,444	2,678	17,122
Contributions of infrastructure assets						7,352	-	7,352
Transfers to agency funds						(3,152)	-	(3,152)
Total General Revenues and Transfers						375,957	22,585	398,542
Change in Net Position						94,525	(100,501)	(5,976)
Net Position – Beginning of Year, as Adjusted						(22,109)	615,124	593,015
Net Position – End of Year						$ 72,416	$ 514,623	$ 587,039

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
BALANCE SHEET –
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
(IN THOUSANDS)

ASSETS	General Fund	Special Sales Tax Revenue Fund	Bridge and Public Building Fund	Indigent Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	$ 117,260	$ -	$ 1,737	$ 29,345	$ 34,716	$ 183,058
Accounts receivable, net	804	-	-	188	3,391	4,383
Taxes receivable, net	89,562	18,279	-	8,906	9,201	125,948
Taxes receivable, net, highways and roads	-	-	50,038	-	21,650	71,688
Prepaid expenses and other current assets	1,186	-	-	19	-	1,205
Restricted assets	12,183	18,031	-	-	5,701	35,915
Advances due from (to) other funds	49,009	(18,289)	-	-	5,334	36,054
	$ 270,004	$ 18,021	$ 51,775	$ 38,458	$ 79,993	$ 458,251
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 11,130	$ -	$ -	$ 10,892	$ 7,186	$ 29,208
Deposits payable	-	-	-	-	2,015	2,015
Accrued wages and benefits	5,236	-	-	493	1,074	6,803
Retainage payable	-	-	-	-	991	991
Due (from) to other governments	(1,348)	18,000	-	-	7,639	24,291
Estimated litigation liability	1,255	-	-	11	1,112	2,378
Estimated claims liability	1,172	-	-	108	233	1,513
Total Liabilities	17,445	18,000	-	11,504	20,250	67,199
Deferred Inflows of Resources						
Property taxes	74,464	-	51,642	-	30,462	156,568
Fund Balances						
Nonspendable	50,195	(18,289)	-	-	-	31,906
Restricted	12,183	18,310	133	19,178	31,196	81,000
Assigned	39,713		-	7,776	14,197	61,686
Unassigned	76,004	-	-	-	(16,112)	59,892
	178,095	21	133	26,954	29,281	234,484
	$ 270,004	$ 18,021	$ 51,775	$ 38,458	$ 79,993	$ 458,251

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019
(IN THOUSANDS)

Total Fund Balances – Governmental Funds		$	234,484
Amounts reported for governmental activities in the statement of net position are different due to the following:			
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.			362,386
Loans receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			15,785
Amounts related to premiums on long-term liabilities are not reported in the funds.			(46,676)
Amounts related to deferred inflows from gain on refunding of long-term liabilities are not reported in the funds.			(10,339)
Net pension asset and pension-related deferred outflows and inflows are not reported in the funds.			105,666
Total OPEB liability and OPEB-related deferred outflows and inflows are not reported in the funds.			(90,012)
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	(448,360)		
Capital lease obligations	(6,773)		
Accrued interest	(3,968)		
Estimated liability for compensated absences	(19,222)		
Estimated litigation liability	(15,796)		
Estimated claims liability	(4,759)		
Total long-term liabilities			(498,878)
Total Net Position – Governmental Activities		$	72,416

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, 2019
(IN THOUSANDS)

	General Fund	Special Sales Tax Revenue Fund	Bridge and Public Building Fund	Indigent Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 99,797	$ 111,558	$ 46,891	$ 56,071	$ 26,978	$ 341,295
Licenses and permits	11,099	-	-	-	2,144	13,243
Intergovernmental	8,572	-	797	551	14,333	24,253
Charges for services, net	30,594	-	-	-	108	30,702
Miscellaneous	9,742	-	-	522	617	10,881
Interest and investment income	1,658	189	234	134	550	2,765
	161,462	111,747	47,922	57,278	44,730	423,139
Expenditures						
Current:						
General government	111,862	-	-	-	15,961	127,823
Public safety	81,312	-	-	-	-	81,312
Highways and roads	-	-	-	-	25,392	25,392
Health and welfare	-	-	-	48,806	4,838	53,644
Community development	949	-	-	-	4,853	5,802
Capital outlay	1,814	-	-	12	42,444	44,270
Indirect expenses	(8,341)	-	-	2,312	107	(5,922)
Contributions to other entities	-	24,100	-	-	-	24,100
Debt service:						
Principal retirement	326	-	-	-	35,538	35,864
Interest and fiscal charges	674	-	-	-	22,167	22,841
	188,596	24,100	-	51,130	151,300	415,126
Excess (Deficiency) of Revenues over Expenditures	(27,134)	87,647	47,922	6,148	(106,570)	8,013
Other Financing Sources (Uses)						
Sale of capital assets	337	-	-	-	3,168	3,505
Transfers in	80,397	-	-	-	83,601	163,998
Transfers out	(29,551)	(87,649)	(48,150)	(1,800)	-	(167,150)
	51,183	(87,649)	(48,150)	(1,800)	86,769	353
Net Changes in Fund Balances	24,049	(2)	(228)	4,348	(19,801)	8,366
Fund Balances - Beginning of Year	154,046	23	361	22,606	49,082	226,118
Fund Balances – End of Year	$ 178,095	$ 21	$ 133	$ 26,954	$ 29,281	$ 234,484

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, 2019
(IN THOUSANDS)

Net Changes in Fund Balances – Governmental Funds		$ 8,366
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 ($44,270) exceeded depreciation ($25,736) in the current period.		18,534
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		273
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	6,642	
Amortization of gain on refunding of warrants	1,776	
Repayments of principal – warrants payable and capital leases	35,875	44,293
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	(1,054)	
Change in compensated absences	534	
Change in estimated litigation liability	(285)	
Change in claims liability	(630)	(1,435)
Change in net pension asset and change in pension – related deferred outflows and inflows are not reported in the funds.		17,682
Change in OPEB liability and change in OPEB-related deferred outflows and inflows are not reported in the funds.		(1,066)
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	7,352	
Loss on disposal of capital assets	526	7,878
Change in Net Position – Governmental Activities		$ 94,525

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
SEPTEMBER 30, 2019
(IN THOUSANDS)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Current Assets			
Cash and investments	$ 14,980	$ 3,247	$ 18,227
Accounts receivable, net	32,232	402	32,634
Taxes receivable, net	6,866	-	6,866
Due from (to) other governments	1,866	-	1,866
Bond insurance costs	1,049	-	1,049
Restricted assets – current	375,625	-	375,625
Total Current Assets	432,618	3,649	436,267
Noncurrent Assets			
Advances due from (to) other funds	-	-	-
Investments – property held for sale	-	25,220	25,220
Restricted assets	-	219	219
Bond insurance costs	30,421	-	30,421
Net pension asset	26,379	-	26,379
Capital assets:			
Depreciable assets, net	2,026,046	10,691	2,036,737
Nondepreciable assets	126,507	7,907	134,414
	2,209,353	44,037	2,253,390
Deferred Outflows of Resources			
Deferred outflows - pension	1,597	-	1,597
Deferred outflows - OPEB	957	-	957
	$ 2,644,525	$ 47,686	$ 2,692,211

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
SEPTEMBER 30, 2019
(IN THOUSANDS)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**Sanitary Operations Fund**	**Nonmajor Enterprise Funds**	**Total**
Current Liabilities			
Accounts payable	$ 14,671	$ 54	$ 14,725
Accrued wages and benefits	1,143	-	1,143
Accrued interest	35,183	-	35,183
Retainage payable	3,063	-	3,063
Estimated liability for compensated absences	1,604	-	1,604
Estimated litigation liability	262	-	262
Estimated claims liability	677	-	677
Due to other governments	-	637	637
Warrants payable	-	-	-
Less: Unamortized discounts	(1,036)	-	(1,036)
	(1,036)	-	(1,036)
Total Current Liabilities	55,567	691	56,258
Noncurrent Liabilities			
Advances due to other funds	-	36,054	36,054
Estimated liability for landfill closure and postclosure care costs	-	16,572	16,572
Total OPEB liability	22,001	-	22,001
Estimated liability for compensated absences	2,130	-	2,130
Estimated claims liability	1,276	-	1,276
Warrants payable	2,052,555	-	2,052,555
Less: Unamortized discounts	(30,045)	-	(30,045)
	2,022,510	-	2,022,510
Total Liabilities	2,103,484	53,317	2,156,801
Deferred Inflows of Resources			
Property taxes	7,086	-	7,086
Deferred inflows - pension	9,757	-	9,757
Deferred inflows - OPEB	3,944	-	3,944
Net Position			
Net investment in capital assets	162,549	18,598	181,147
Restricted for:			
Debt service or capital improvements	375,625	-	375,625
Closure and postclosure care	-	219	219
Net pension assets and deferred outflows/inflows	18,219	-	18,219
Unrestricted	(36,139)	(24,448)	(60,587)
	$ 520,254	$ (5,631)	$ 514,623

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, 2019
(IN THOUSANDS)

	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Operating Revenues			
Taxes	$ 6,564	$ -	$ 6,564
Intergovernmental	109	-	109
Charges for services, net	229,929	-	229,929
Other operating revenue	753	1,492	2,245
	237,355	1,492	238,847
Operating Expenses			
Salaries	23,026	157	23,183
Employee benefits and payroll taxes	4,461	12	4,473
Maintenance	12,046	-	12,046
Materials and supplies	6,901	-	6,901
Utilities	9,481	54	9,535
Outside services	18,561	499	19,060
Office expenses	1,017	360	1,377
Depreciation	144,499	1,819	146,318
Closure and postclosure care	-	2,220	2,220
Indirect expenses	5,808	132	5,940
	225,800	5,253	231,053
Operating Income (Loss)	11,555	(3,761)	7,794
Nonoperating Revenues (Expenses)			
Interest expense, net	(70,496)	(101)	(70,597)
Interest expense (accretion)	(61,718)	-	(61,718)
Interest revenue	13,251	92	13,343
Warrant related costs	(2,013)	-	(2,013)
Contributions of infrastructure assets	12,366	-	12,366
Gain on sale or retirement of capital assets	324	-	324
	(108,286)	(9)	(108,295)
Change in Net Position	(96,731)	(3,770)	(100,501)
Net Position – Beginning of Year	616,985	(1,861)	615,124
Net Position – End of Year	$ 520,254	$ (5,631)	$ 514,623

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(IN THOUSANDS)

	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Cash Flows from Operating Activities			
Cash received from services	$ 231,906	$ 42	$ 231,948
Cash payments to employees	(29,761)	(169)	(29,930)
Cash payments for goods and services	(55,213)	(1,058)	(56,271)
Other receipts and payments, net	5,887	4,892	10,779
Net Cash Provided by Operating Activities	152,819	3,707	156,526
Cash Flows from Capital and Related Financing Activities			
Repayment of warrants payable	(14,215)	-	(14,215)
Acquisition of capital assets	(57,168)	(4,837)	(62,005)
Sale of capital assets	324	-	324
Interest paid	(70,852)	(101)	(70,953)
Net Cash Used by Capital and Related Financing Activities	(141,911)	(4,938)	(146,849)
Cash Flows from Investing Activities			
Investment income	13,251	92	13,343
Net Cash Provided by Investing Activities	13,251	92	13,343
Change in Cash and Investments	24,159	(1,139)	23,020
Cash and Investments – Beginning of Year	366,446	4,605	371,051
Cash and Investments – End of Year	$ 390,605	$ 3,466	$ 394,071
Displayed As			
Cash and investments	$ 14,980	$ 3,247	$ 18,227
Restricted assets – current and noncurrent cash and investments	375,625	219	375,844
	$ 390,605	$ 3,466	$ 394,071

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(IN THOUSANDS)
(Continued)

	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	$ 11,555	$ (3,761)	$ 7,794
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	144,499	1,819	146,318
Provision for bad debts	4,902	-	4,902
Change in accounts receivable	(3,041)	(168)	(3,209)
Change in taxes receivable, net	(858)	-	(858)
Change in due from (to) other governments	116	(2,498)	(2,382)
Change in advances due to other funds	-	6,108	6,108
Change in accounts payable	(1,399)	(13)	(1,412)
Change in accrued wages and benefits	196	-	196
Change in retainage payable	(681)	-	(681)
Change in estimated claims liability	357	-	357
Change in estimated liability for compensated absences	(63)	-	(63)
Change in estimated liability for landfill closure and postclosure care costs	-	2,220	2,220
Change in total OPEB liability and OPEB-related deferred inflows and outflows	(114)	-	(114)
Change in net pension asset and pension - related deferred inflows and outflows	(3,524)	-	(3,524)
Change in deferred inflows – property taxes	874	-	874
	141,264	7,468	148,732
Net Cash Provided by Operating Activities	$ 152,819	$ 3,707	$ 156,526

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF FIDUCIARY NET POSITION – AGENCY FUNDS
SEPTEMBER 30, 2019
(IN THOUSANDS)

ASSETS AND DEFERRED OUTFLOWS

Current Assets		
Cash and investments	$	2,047
Accounts receivable, net		704
Other receivables		244
Net pension asset		7,409
Property and equipment, net		555
		10,959
Deferred outflows - pension		448
Deferred outflows - OPEB		61
	$	11,468

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Accounts payable	$	215
Accrued employee expenses		1,461
Due to other governments		5,357
Total OPEB liability		1,437
		8,470
Deferred inflows - OPEB		257
Deferred inflows - pension		2,741
Net position		-
	$	11,468

See notes to financial statements.

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 the above criteria, the financial position and results of operations for the Jefferson County Public Building Authority (the Building Authority) and the Jefferson County Economic and Industrial Development Authority (the Development Authority) have been included in the accompanying financial statements as blended component units, which are defined as legally separate entities that exist solely to provide services exclusively to the Commission. Complete financial information of the Building Authority and the Development Authority may be reviewed at the Jefferson County Courthouse, Finance Department, Room 810, Birmingham, Alabama.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 2019, 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.

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.

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

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). The Indigent Care Fund also includes the operations of Cooper Green Mercy Health Services, in which net patient revenues are derived from patient charges and reimbursement from third parties, including Medicare and Medicaid, and which are funded by the taxes collected by the Indigent Care Fund.
- *Bridge and Public Building Fund* – This special revenue fund is used to account for the expenditure of special County property taxes for building and maintaining public buildings, roads and bridges.

Other nonmajor governmental funds are as follows:

- *Community Development Fund* – This fund is used to account for the expenditure of federal block grant funds.
- *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.
- *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.

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.
- *Senior Citizens Services Fund* – This fund is used to account for the expenditure of funds received for senior citizens services and programs.
- *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.

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 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.

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.

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.

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.

Patient receivables are from patients, insurance companies and third-party reimbursement contractual agencies and are recorded less an allowance for uncollectible accounts, charity accounts and other uncertainties. Certain third-party insured accounts (Blue Cross Blue Shield, Medicare and Medicaid) are based on contractual agreements, which generally result in collecting less than the established rates.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Final determinations of payments under these agreements are subject to review by appropriate authorities. Doubtful accounts are written off against the allowance as deemed uncollectible and recorded as recoveries of bad debts if subsequently collected. Patient accounts receivable, net, at September 30, 2019, is comprised of the following:

	Indigent Care Fund
Patient receivables	$ 15,490
Allowance accounts	15,302
Net patient receivables	$ 188

Allowances for uncollectible accounts on accounts receivable, other than patient receivables, totaled $29,046 at September 30, 2019.

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 $11,647 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 $23,914 (net of an allowance of $8,616) at September 30, 2019.

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 $2,067 (net of an allowance of $1,580) at September 30, 2019.

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.

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.

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

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, 2019.

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.

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 types in the 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.

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, 2019, the liability for accrued vacation and compensatory leave included in the government-wide statement of net position is approximately $15,805 of which $13,273 is reported in the governmental activities and $2,532 is reported in the business-type activities. Of this amount, an estimated $10,489 is payable within a year.

As of September 30, 2019, the liability for accrued sick leave included in the government-wide statement of net position is approximately $7,151. Of this amount, $5,949 is reported in the governmental activities, and $1,202 is reported in the business-type activities. Due and payable within one year of September 30, 2019, is approximately $393.

Legal Fees

Legal fees for the Commission are expensed as incurred and are included in operating expenses in the accompanying financial statements.

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.

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 for accounting and reporting purposes into the following net asset categories:

- *Net investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. 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 a formal action of the Commissioners. This formal action is the passage of a resolution 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.

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 27, 2020, the date the financial statements were issued. See Note S for subsequent event disclosures.

NOTE B - SIGNIFICANT NEW ACCOUNTING PRONOUNCEMENTS

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and corresponding deferred outflow of resources. The guidance also identifies the circumstances that trigger recognition of these transactions. The requirements of this statement are effective for fiscal year 2019. The adoption of this standard did not have a material impact on the financial statements of the Commission.

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, 2018. Earlier application is encouraged. The Commission is currently evaluating the impact this standard may have on its financial statements.

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 fiscal year 2021. The Commission is currently evaluating the impact this standard may have on its financial statements.

NOTE B - SIGNIFICANT NEW ACCOUNTING PRONOUNCEMENTS – CONTINUED

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued to enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. This statement clarifies which liabilities governments should include in their note disclosures related to debt by requiring that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. The policy underlying this requirement is that direct borrowings and direct placements may expose a government to risks that are different from or additional to risks related to other types of debts. Statement No. 88 was effective for reporting periods beginning after June 15, 2018. Accordingly, the Commission adopted this standard for fiscal year 2019. This adoption did not have a material impact 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.

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

Deficit Fund Balance of Individual Funds

At September 30, 2019, the Community Development Fund had a deficit fund balance in the amount of $193.

At September 30, 2019, the Landfill Operations Fund and Jefferson County Economic and Industrial Development Authority had deficit fund balances in the amounts of $4,135 and $1,496, respectively, and amounts due to other funds of $6,754 and $29,300, respectively.

NOTE D - CASH AND INVESTMENTS

Cash and Investments

As of September 30, 2019, the components of cash and cash equivalents, investments and restricted assets are as follows:

	Governmental Activities	Business-Type Activities	Total
Petty cash	$ 28	$ 3,247	$ 3,275
Cash and cash equivalents	183,030	14,980	198,010
	183,058	18,227	201,285
Restricted assets held for:			
Closure and postclosure care	-	219	219
Debt service	21,529	40,238	61,767
Debt service or capital improvements	-	335,387	335,387
Other purposes	14,386	-	14,386
Total restricted assets	35,915	375,844	411,759
Property held for sale	-	25,220	25,220
Total cash and investments	$ 218,973	$ 419,291	$ 638,264

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	$ 207,422	$ 91,586	$ 299,008
Investments:			
U.S. Treasury bills	-	-	-
Certificates of deposit	-	40,052	40,052
U.S. Government agencies:			
GNMA pools	-	261,231	261,231
Pass thru securities	9,243	-	9,243
Other federal agencies	1,120	-	1,120
Short-term investment fixed income fund	1,188	-	1,188
Property held for sale	-	25,220	25,220
Total investments	11,551	326,503	338,054
Other restricted assets:			
Held for postclosure care	-	219	219
Accrued interest receivable on restricted investments	-	983	983
	$ 218,973	$ 419,291	$ 638,264

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 47% of cash and investments in cash and cash equivalents. For investments held, the maturity table below indicates that approximately 43% of investments held have a maturity of 5 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, 2019, 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, 2019, the Commission's investments had the following maturities:

		Investment Maturities				
	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	11 - 15 Years	> 15 Years
Certificates of deposit	$ 40,052	$ 40,052	$ -	$ -	$ -	$ -
U.S. Government Agencies	261,231	18,490	67,475	175,240	26	-
GNMA pools						
Pass thru securities	9,243	-	6,979	2,264	-	-
Other federal agencies	1,120	120	525	475	-	-
Fixed income short-term investment fund	1,188	1,188	-	-	-	-
	$ 312,834	$ 59,850	$ 74,979	$ 177,979	$ 26	$ -

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 Ratings, Inc. (S&P) rating agencies.

NOTE D - CASH AND INVESTMENTS – CONTINUED

As of September 30, 2019, 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**
$ 9,224	Aaa	2.95%	$ 9,224	AA+	2.95%
1,139	NR	0.36	1,139	NR	0.36
302,471	NA	96.69	302,471	NA	96.69
$ 312,834		100.00%	$ 312,834		100.00%

Ratings are not provided for the certificates of deposit, GNMA pool investments and short-term fixed income mutual fund, 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.

Both rating agencies had certain municipal bonds that were not rated (NR). However, all but four investments ($1,139) held by the Commission as of September 30, 2019, 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 $261,231 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. In addition, the investments listed above include $40,052 of Certificates of Deposit, which represent short-term debt obligations backed by financial institutions and thus insured up to the FDIC insurance limit. There were no other concentrations of investments noted at September 30, 2019.

Certain cash and cash equivalents, consisting primarily of money market or deposit accounts held at September 30, 2019, were with three large regional financial institutions and totaled approximately $248,000 (included in cash and cash equivalents). These funds are held in trusts with the financial institutions.

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 to the financial statements. 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:

- U.S. Treasury Bills - Fair values for U.S. Treasury Bills were determined using quoted market prices and are classified as Level 1 within the fair value hierarchy.
- Certificates of Deposit – Fair values for Certificates of Deposit 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.

Land 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, 2019:

		Fair Value Measurement at Report Date Using		
	Fair Value	**Quoted Prices in Active Markets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Unobservable Inputs Level 3**
Investment Securities:				
Certificates of deposit	$ 40,052	$ 40,052	$ -	$ -
U.S. Government agency securities	271,594	-	271,594	-
Fixed income short-term investment mutual fund	1,188	-	1,188	-
Land held for sale	25,220	-	25,220	-
Total investments	$ 338,054	$ 40,052	$ 298,002	$ -

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.

NOTE E - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019, was as follows:

Governmental Activities	Balance at September 30, 2018	Additions	Disposals	Transfers/ Reclassifi-cations	Balance at September 30, 2019
Nondepreciable capital assets:					
Land	$ 18,180	$ 122	$ -	$ -	$ 18,302
Construction in progress	32,052	34,999	-	(5,837)	61,214
	50,232	35,121	-	(5,837)	79,516
Depreciable capital assets:					
Buildings	453,435	-	-	3,571	457,006
Improvements other than land/buildings	209,439	-	(71)	9,485	218,853
Maintenance equipment	17,536	1,092	(4,331)	-	14,297
Motor vehicles	49,138	3,011	(9,733)	-	42,416
Equipment under capital lease	20,743	7,841	(153)	721	29,152
Miscellaneous equipment	18,045	2,175	(131)	-	20,089
Office furniture and fixtures	19,377	-	(170)	-	19,207
Software	5,230	388	-	356	5,974
	792,943	14,507	(14,589)	14,133	806,994
Less accumulated depreciation for:					
Buildings	(281,535)	(7,144)	-	-	(288,679)
Improvements other than land/buildings	(129,739)	(7,805)	20	32	(137,492)
Maintenance equipment	(14,260)	(661)	4,060	-	(10,861)
Motor vehicles	(38,154)	(4,428)	9,733	12	(32,837)
Equipment under capital lease	(15,960)	(2,215)	40	413	(17,722)
Miscellaneous equipment	(9,663)	(2,330)	107	(721)	(12,607)
Office furniture and fixtures	(19,042)	(309)	170	-	(19,181)
Software	(3,901)	(844)	-	-	(4,745)
	(512,254)	(25,736)	14,130	(264)	(524,124)
Total depreciable capital assets, net	280,689	(11,229)	(459)	13,869	282,870
Total capital assets, net	$ 330,921	$ 23,892	$ (459)	$ 8,032	$ 362,386

NOTE E - CAPITAL ASSETS – CONTINUED

Business-Type Activities	Balance at September 30, 2018	Additions	Disposals	Transfers/ Reclassifi-cations	Balance at September 30, 2019
Nondepreciable capital assets:					
Land	$ 30,284	$ -	$ -	$ -	$ 30,284
Construction in progress	132,534	52,653	-	(81,057)	104,130
	162,818	52,653	-	(81,057)	134,414
Depreciable capital assets:					
Buildings	1,023,260	-	-	1	1,023,261
Improvements other than land/buildings	3,642,434	12,366	-	82,031	3,736,831
Maintenance equipment	6,211	1,366	(304)	1,295	8,568
Motor vehicles	22,843	2,200	(1,933)	51	23,161
Miscellaneous equipment	5,187	738	(36)	-	5,889
Office furniture and fixtures	755	-	-	305	1,060
Software	422	-	-	361	783
	4,701,112	16,670	(2,273)	84,044	4,799,553
Less accumulated depreciation for:					
Buildings	(458,888)	(23,494)	-	-	(482,382)
Improvements other than land/buildings	(2,133,971)	(119,673)	-	-	(2,253,644)
Maintenance equipment	(4,681)	(882)	304		(5,259)
Motor vehicles	(16,780)	(1,884)	1,933	-	(16,731)
Miscellaneous equipment	(23)	(196)	36	(3,514)	(3,697)
Office furniture and fixtures	(1,462)	(29)	-	738	(753)
Software	(190)	(160)	-	-	(350)
	(2,615,995)	(146,318)	2,273	(2,776)	(2,762,816)
Total depreciable capital assets, net	2,085,117	(129,648)	-	81,268	2,036,737
Total capital assets, net	$ 2,247,935	$ (76,995)	$ -	$ 211	$ 2,171,151

The net book value of landfill operations capital assets leased to a third party at September 30, 2019, is $18,598. See Note H for discussion of the operating lease.

NOTE E - CAPITAL ASSETS – CONTINUED

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

Governmental activities:		
General government	$	11,006
Public safety		4,150
Highways and roads		9,565
Health		1,006
Welfare		9
Total depreciation expense – governmental activities	$	25,736
Business-type activities:		
Landfill operations	$	1,798
Sanitary operations		144,499
Industrial Development Authority		21
Total depreciation expense – business-type activities	$	146,318

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, 2019, 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, 2019, amounts paid by the Commission under operating lease agreements totaled approximately $1,554 for governmental activities.

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, 2019:

2020	$ 918
2021	918
2022	918
2023	918
2024	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 2019 of $1,447 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 $16,572 as of September 30, 2019. This estimate was based on 100-percent usage (filled) of the Jefferson County Landfill Number 1, Cell No. 1, 83-percent usage (filled) of the Jefferson County Landfill Number 1, Cell No. 2, 93-percent usage (filled) of the Jefferson County Landfill Number 2 and the remaining liability for the Mt. Olive Sanitary and the Turkey Creek Sanitary Landfills, which were both closed October 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, 2019, are $1,450 and one year, respectively. Future subcells in Cell No. 2 are planned, so these estimates will require modification as new subcells are constructed.

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, 2019, 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, 2019, 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, 2019. 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 Warrants, 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).

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 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.

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 Warrants
Beginning in 1984, the Commission issued various warrants for capital projects and improvements, including purchase of school buses for the Jefferson County Board of Education, acquisition of land and landfills for the disposal of waste, additions and improvements to the sanitary sewer system, improvements to and construction of certain roads, waste transfer system and various other capital equipment, buildings and facilities for use by the Commission.

The Commission issued its General Obligation Warrants, Series 2013-A to 2013-D (the 2013 GO Warrants) on December 3, 2013, in exchange for the GO Series 2001-B Warrants (which were subsequently retired) pursuant to Trust Indentures dated as of December 1, 2013, between the Commission and UMB Bank, N.A. as trustee (the 2013 GO Trustee). The Series 2013-B and Series 2013-D General Obligation Warrants matured on April 1, 2017, and are no longer outstanding.

The General Obligation Warrants are general obligations of the Commission and are payable from the General Fund of the Commission. Repayment of the outstanding General Obligation Warrants is secured by the full faith and credit of Jefferson County.

Payment of the principal and interest on some of the warrants when due is insured by a municipal warrant insurance policy issued by National Public Finance Guarantee Corp. (National) (formerly known as MBIA Corporation, Inc.), and may exclude any acceleration features for warrant payments.

The documents under which the General Obligation Warrants were issued include certain covenants and require the Commission to comply with certain continuing disclosure requirements pursuant to Rule 15c2-12 of the Securities and Exchange Commission, as discussed further below.

NOTE J - LONG-TERM DEBT – CONTINUED

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 $674. 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 $274. The amount 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 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.

NOTE J - LONG-TERM DEBT – CONTINUED

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 $3,346. 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.

NOTE J - LONG-TERM DEBT – CONTINUED

Warrants payable consist of the following at September 30, 2019:

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	79,041
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 semi-annually with accreted value payments (principal and interest) due from October 1, 2038 to 2050	219,963
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	78,632
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	505,839
Total – Business-Type Activities	2,052,555

NOTE J - LONG-TERM DEBT – CONTINUED

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	$ 320,165
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	101,840
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	26,355
Total – Governmental Activities	448,360
	2,500,915
Less unamortized net discount (premiums) (net of current portion net premium of $5,130)	(10,465)
Less principal amounts due within one year	32,970
Warrants Payable – Noncurrent, Net	$ 2,478,410

The following is a summary of the warrants that are authorized or outstanding for the Commission as of September 30, 2019.

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, 2019.

NOTE J - LONG-TERM DEBT – CONTINUED

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 $79,041 at September 30, 2019.

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.

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 $219,963 at September 30, 2019.

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.

NOTE J - LONG-TERM DEBT – CONTINUED

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, 2019.

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 $78,632 at September 30, 2019.

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.

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 $505,839 at September 30, 2019.

NOTE J - LONG-TERM DEBT – CONTINUED

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, 2019.

NOTE J - LONG-TERM DEBT – CONTINUED

GOVERNMENTAL ACTIVITIES

General Obligation Warrants

General Obligation Warrants, Series 2013-A (GO Series 2013-A Warrants)
The Commission issued $47,245 of tax-exempt GO Series 2013-A Warrants under the Series 2013-A and B GO Indenture on December 3, 2013. The GO Series 2013-A Warrants were issued in the form of current interest obligations with interest payable semiannually on April 1 and October 1 of each year at a fixed rate of 4.9% to maturity on April 1, 2019.

The GO Series 2013-A Warrants were subject to redemption at the option of the Commission on or after December 3, 2018, and subject to mandatory redemption annually from fiscal year 2014 to 2021.

A Material Event Notice dated November 3, 2018, stated that the GO Series 2013-A Warrants were subject to mandatory redemption and would be redeemed on December 3, 2018.

The GO Series 2013-A Warrants were redeemed during the current year and have no outstanding balance at September 30, 2019.

General Obligation Warrants, Series 2013-C (GO Series 2013-C Warrants)
The Commission issued $46,575 of tax-exempt GO Series 2013-C Warrants under the Series 2013-C and D GO Indenture on December 3, 2013. The GO Series 2013-C Warrants were issued in the form of current interest obligations with interest payable semiannually on April 1 and October 1 of each year at a fixed rate of 4.9% to maturity on April 1, 2019.

The GO Series 2013-C Warrants were subject to redemption at the option of the Commission on or after December 3, 2018, and subject to mandatory redemption annually from fiscal year 2014 to 2021.

A Material Event Notice dated November 3, 2018, stated that the GO Series 2013-C Warrants were subject to mandatory redemption and would be redeemed on December 3, 2018.

The GO Series 2013-C Warrants were redeemed during the current year and have no outstanding balance at September 30, 2019.

NOTE J - LONG-TERM DEBT – CONTINUED

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, 2005-A and 2005-B 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 $320,165 at September 30, 2019.

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 during the year ended September 30, 2018. 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.

The GO Series 2018-B Warrants were issued for the purpose of (i) partially refunding the Commission's 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.

NOTE J - LONG-TERM DEBT – CONTINUED

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 $128,195 ($101,840 for GO Series 2018-A and $26,355 for GO Series 2018-B) at September 30, 2019.

Fair Value of Warrants

Business-Type Activities
The estimated fair value for all Sewer Obligation Warrants outstanding of $2,052,555 based on independent pricing was approximately $2,518,000 as of September 30, 2019.

Governmental Obligations
The estimated fair value for Government Activity Warrants outstanding of $448,360 (including Limited Obligation Refunding Warrants and General Obligation Refunding Warrants) based on independent pricing was approximately $515,000 as of September 30, 2019.

There are no liens on the Sewer or General Obligation 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.

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, 2019. Activity related to the long-term debt is as follows:

Warrant Issue	Balance at September 30, 2018	Additions	Accretion	Payments / Retirements	Balance at September 30, 2019	Due Within One Year
Business-Type Activities:						
Series 2013-A	$ 395,005	$ -	$ -	$ -	$ 395,005	$ -
Series 2013-B	74,271	-	4,770	-	79,041	-
Series 2013-C	205,977	-	13,986	-	219,963	-
Series 2013-D	788,290	-	-	14,215	774,075	-
Series 2013-E	72,822	-	5,810	-	78,632	-
Series 2013-F	468,687	-	37,152	-	505,839	-
	2,005,052	-	61,718	14,215	2,052,555	-
Governmental Activities:						
Series 2013-A GO	6,275	-	-	6,275	-	-
Series 2013-C GO	6,190	-	-	6,190	-	-
Series 2017 LO Refunding	330,720	-	-	10,555	320,165	11,085
Series 2018 GO Refunding	138,175	-	-	9,980	128,195	21,885
	481,360	-	-	33,000	448,360	32,970
	$ 2,486,412	$ -	$ 61,718	$ 47,215	$ 2,500,915	$ 32,970

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.

	Business-Type Activities			Governmental Activities	
Fiscal Year Ending September 30	Principal	Interest	Future Interest Accretion	Principal	Interest
2020	$ -	$ 70,366	$ 66,387	$ 32,970	$ 21,727
2021	-	70,366	71,414	34,560	20,079
2022	8,745	70,148	76,812	30,360	18,351
2023	10,980	69,655	82,637	31,835	16,877
2024	14,780	105,255	15,046	33,425	15,285
2025-2029	29,980	733,522	87,275	104,100	56,091
2030-2034	76,462	839,750	73,651	99,175	32,830
2035-2039	206,109	894,569	10,173	75,700	7,994
2040-2044	357,787	661,303	-	6,235	505
2045-2049	436,086	626,700	-	-	-
2050-2054	911,626	301,259	-	-	-
	$ 2,052,555	$ 4,442,893	$ 483,395	$ 448,360	$ 189,739

	Total Principal, Interest and Accretion Requirements to Maturity				
Fiscal Year Ending September 30	Principal	Interest	Total Principal and Interest	Future Interest Accretion	Total Principal, Interest and Accretion
2020	$ 32,970	$ 92,093	$ 125,063	$ 66,387	$ 191,450
2021	34,560	90,445	125,005	71,414	196,419
2022	39,105	88,499	127,604	76,812	204,416
2023	42,815	86,532	129,347	82,637	211,984
2024	48,205	120,540	168,745	15,046	183,791
2025-2029	134,080	789,613	923,693	87,275	1,010,968
2030-2034	175,637	872,580	1,048,217	73,651	1,121,868
2035-2039	281,809	902,563	1,184,372	10,173	1,194,545
2040-2044	364,022	661,808	1,025,830	-	1,025,830
2045-2049	436,086	626,700	1,062,786	-	1,062,786
2050-2054	911,626	301,259	1,212,885	-	1,212,885
	$ 2,500,915	$ 4,632,632	$ 7,133,547	$ 483,395	$ 7,616,942

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	Premiums (Discounts) Net
Business-Type Activities:		
Total net premiums (discounts) and bond insurance costs	$ 37,000	$ (36,542)
Accreted (amortized), net in prior years	(4,517)	4,461
	32,483	(32,081)
Current year (amortization) accretion, net	(1,013)	1,000
Net balance at September 30, 2019	$ 31,470	$ (31,081)
Governmental Activities:		
Total net premiums (discounts) and bond insurance costs	$ 12,424	$ 51,348
Accreted (amortized), net in prior years	(9,894)	(38,667)
	2,530	12,681
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	-	(6,643)
Net balance at September 30, 2019	$ -	$ 46,676
Commission Totals:		
Total net premiums (discounts) and bond insurance costs	$ 49,424	$ 14,806
Accreted (amortized), net in prior years	(14,411)	(34,206)
	35,013	(19,400)
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	(1,013)	(5,643)
Net balance at September 30, 2019	$ 31,470	$ 15,595

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 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.

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.

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, 2018, sewer user charge increases in accordance with the Rate Resolution. (Also see Note S - Subsequent Events).

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.

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, 2019.

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, 2019.

Municipal Bond Insurance Policy

Concurrent with the issuance of the warrants, National or AGM issued municipal bond (warrant) insurance policies for certain revenue warrant issues as discussed above for each warrant issue.

The insurance policies unconditionally guarantee 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 policies are noncancelable, and the premium is fully paid at the time of delivery of the warrants.

NOTE J - LONG-TERM DEBT – CONTINUED

The insurance policies cover 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 cover failure to pay an installment of interest on the stated date for its payment. However, the policies 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, 2019, was $29,000.

The future payments are reported at net present value in the financial statements. Maturities of the BJCC commitment subsequent to September 30, 2019, are as follows:

Fiscal Year Ending September 30	Principal	Interest	Total
2020	$ 339	$ 661	$ 1,000
2021	354	646	1,000
2022	366	634	1,000
2023	379	621	1,000
2024	394	606	1,000
Thereafter	15,652	8,348	24,000
	$ 17,484	$ 11,516	$ 29,000

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, 2019. 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, 2018, the Measurement Date, membership in the Pension Plan consisted of the following:

Retired participants and beneficiaries currently receiving benefits	2,364
Terminated participants and beneficiaries entitled to but not yet receiving benefits	105
Terminated participants entitled to a refund of contributions	47
Active participants	2,581
	5,097

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.

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

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 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 $8,674 for the year ended September 30, 2019, 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, 2018
Measurement Date: September 30, 2018
Reporting Date: September 30, 2019

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions

The total pension liability as of September 30, 2018, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2018. The key actuarial assumptions are summarized below:

	Rate
Inflation	3.25%
Salary increases	4.25% - 7.25%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table with Projection Scale AA set forward one year for males for the period after service retirement and for dependent beneficiaries. The actuarial assumptions used in the September 30, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2004 through September 30, 2009.

Discount Rate

The discount rate used to measure the total pension liability at September 30, 2018, 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.

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap Growth	20.00%	6.65%
US Large Cap Value	20.00%	5.95%
US Small Cap Growth	3.75%	8.25%
US Small Cap Value	3.75%	6.55%
International Equity	7.50%	6.75%
US Fixed Income – Short	12.00%	1.75%
US Fixed Income – Intermediate	11.00%	2.15%
US Fixed Income – Long	12.00%	2.20%
International Fixed Income	10.00%	1.75%

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	$ 1,024,939	$ 1,155,283	$ (130,344)
Service cost	20,889	-	20,889
Interest cost	69,534	-	69,534
Difference between expected and actual experience	(6,423)	-	(6,423)
Contributions – employer	-	8,340	(8,340)
Contributions – employee	-	8,319	(8,319)
Net investment income	-	124,985	(124,985)
Benefit payments, including refunds of member contributions	(63,188)	(63,188)	-
Administrative expense	-	(1,426)	1,426
Other changes	-	220	(220)
Net changes	20,813	77,250	(56,438)
Balances at September 30, 2019	$ 1,045,751	$ 1,232,533	$ (186,782)

September 30, 2018, is the actuarial valuation date upon which the total pension liability is based. An expected total pension liability is determined as of September 30, 2018, using standard roll-forward techniques. The difference between the expected total pension liability and the actual total pension liability as of September 30, 2018, is reflected as an experience gain or loss for the year.

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

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:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net Pension (Asset) Liability	$ (76,353)	$ (186,781)	$ (280,821)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended September 30, 2019, the Commission recognized pension expense (income) of $(13,416). 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, 2019, 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	$ 2,631	$ 9,168
Net differences between projected and and actual earnings on plan investments	-	59,917
Employer contributions subsequent to the measurement date	8,674	-
Total	$ 11,305	$ 69,085

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

Reported amounts included deferred outflows and deferred inflows presented in the Personnel Board in the Statement of Fiduciary Net Position. Deferred outflows of resources related to pensions of $8,674 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 ended September 30, 2019.

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:

2020	$	(9,749)
2021		(27,369)
2022		(19,870)
2023		(9,465)
	$	(66,453)

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note K, 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 $1,664 per month, and total insurance premiums range from $678 to $2,022 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.

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	2,598
	3,003

During the year ended September 30, 2019, the Commission paid $4,616 for OPEB benefits as they came due.

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Total OPEB Liability

The Commission's total OPEB liability (TOL) of $102,689 was measured as of September 30, 2018, and was determined by an actuarial valuation as of September 30, 2017.

Actuarial assumptions and other inputs. The TOL in the September 30, 2017 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	3.57%
Measurement date	4.18%
Health care cost trend rates	
Pre-Medicare	7.75% 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.

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance at September 30, 2018	$ 113,926
Changes for the year:	
Service cost	5,018
Interest	3,985
Change in benefit terms	-
Differences between expected and actual experience	(14,558)
Changes in assumptions or other inputs	(1,066)
Benefit payments	(4,616)
Net changes	(11,237)
Balance at September 30, 2019	$ 102,689

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, 2017. An expected TOL is determined as of September 30, 2018, the Measurement Date, using standard roll forward techniques. The roll forward calculation begins with the TOL, as of the Valuation Date, September 30, 2017, 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 3.57% to 4.18% 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 4.18%, 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 (3.18%)	Current Discount Rate (4.18%)	1% Increase (5.18%)
Total OPEB Liability	$ 112,250	$ 102,689	$ 94,118

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	$ 92,550	$ 102,689	$ 114,514

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

For the year ended September 30, 2019, the Commission recognized OPEB expense of $5,862. 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, 2019, 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	$ -	$ 12,705
Employer contributions subsequent to the measurement date	4,464	
Changes of assumptions or other inputs	-	5,703
Total	$ 4,464	$ 18,408

Reported amounts included deferred outflows and deferred inflows presented in the Personnel Board in the Statement of Fiduciary Net Position. Deferred outflows of resources related to OPEB of $4,464 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, 2019.

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:

2020	$	(3,142)
2021		(3,142)
2022		(3,142)
2023		(3,142)
2024		(3,142)
Thereafter		(2,698)
	$	(18,408)

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.

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, 2019, changes in the claims liabilities for the general, auto and workers' compensation self-insured activities for the Commission are as follows:

	General Liability	Auto Liability	Workers' Compensation	Totals
Unpaid claims and claim adjustment expenses:				
Accrual at beginning of fiscal year	$ 573	$ 61	$ 4,838	$ 5,472
Incurred claims and claim adjustment expenses:				
Provision for insured events of current fiscal year	447	82	1,718	2,247
Increases/decreases in provision for insured events of prior fiscal years	(133)	(89)	(563)	(785)
Total incurred claims and claim adjustment expenses	314	(7)	1,155	1,462
Payments:				
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(159)	(11)	(348)	(518)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	-	-	-	-
Total payments	(159)	(11)	(348)	(518)
Accrual at end of fiscal year	$ 728	$ 43	$ 5,645	$ 6,416

NOTE M - RISK MANAGEMENT – CONTINUED

For the year ended September 30, 2019, changes in the claims liabilities for the health self-insured activities for the Commission are as follows:

Balance September 30, 2018	Claims Incurred	Claims Paid	Increase/ Decrease in Liability	Balance September 30, 2019
$ 1,581	$ 27,897	$ (27,669)	$ (228)	$ 1,809

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, 2019, the Development Authority was indebted to the Commission in the amount of approximately $29,300, 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, 2019, the Commission abated property taxes totaling $3,615 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, 2019, the BIDB abated property taxes totaling $2,180.

NOTE P - TRANSACTIONS WITH OTHER FUNDS

Advances due to/from Other Funds

The amounts of advances due to/from other funds at September 30, 2019, were as follows:

	Advances due from Other Funds			
	Special Sales Tax Fund	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	Totals
Advances due to other funds:				
General Fund	$ 18,289	$ 29,300	$ 1,420	$ 49,009
Nonmajor Enterprise Funds		6,754	-	6,754
	$ 18,289	$ 36,054	$ 1,420	$ 55,763

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, 2019, were as follows:

	Transfers in			
	General Fund	Nonmajor Governmental Funds	Agency Funds	Totals
Transfers out:				
General Fund	$ 16,099	$ 10,300	$ 3,152	$ 29,551
Indigent Care Fund	1,800	-	-	1,800
Special Sales Tax Fund	61,216	26,433	-	87,649
Bridge and Public Building Fund	-	48,150	-	48,150
Nonmajor governmental funds	1,282	-	-	1,282
	$ 80,397	$ 84,883	$ 3,152	$ 168,432

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

NOTE Q - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At September 30, 2019, the Commission has commitments of the following:

Name of Commitment	Amount
Improvements to waste water treatment plants and system infrastructure	$ 21,663
Collection system management	13,048
Health care services	7,313
Sewer repairs and maintenance	3,105
Road construction and maintenance	2,730
Building improvements	1,085
Community development projects	1,025
	$ 49,969

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, 2019.

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.

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 appoints 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.”

It is also nearly certain that the plaintiffs will seek attorneys’ fees and costs in connection with this case. 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, 2019, 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, 2019.

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 $11,400,000. These amounts are recorded at face value, with no allowance recorded. The conclusion of this matter is uncertain.

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 11^{th} Circuit Court of Appeals (11^{th} 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 11^{th} 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 11^{th} 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 11^{th} 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.

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.

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, 2019.

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.

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 $1,630,000 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 have appealed the Bankruptcy Court's order to the U.S. District Court for the Northern District of Alabama (the District Court). The District Court has not yet ruled on the Bankruptcy Court's order disallowing Royal's two proofs of claim. The Commission continues to dispute that Royal or any of his fellow claimants are entitled to have their claims allowed in any amount. If and to the extent that Royal were successful on appeal and his claims were ultimately allowed, such claims would be treated as General Unsecured Claims under the Plan of Adjustment and, as such, would be entitled to receive only the appropriate pro rata distribution from the $5,000 General Unsecured Claims Pool that the Commission funded on the Effective Date pursuant to the Plan of Adjustment. This matter is not yet concluded, and the likely outcome of the appeal is unknown.

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."

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, which has not yet ruled on the appeal. This matter is not yet concluded, and the likely outcome of the appeal is unknown.

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, 2019, 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.

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, 2019.

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.

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.

NOTE T - BANKRUPTCY SETTLEMENT AND CONFIRMATION – CONTINUED

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.”

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 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, 2019

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	$ 126,554	$ 126,554	$ 99,797	$ 99,797
Licenses and permits	14,560	14,560	11,099	11,099
Intergovernmental	4,974	5,749	8,572	8,572
Charges for services, net	38,164	38,164	30,594	30,594
Miscellaneous	735	735	9,742	9,742
Interest and investment income	449	449	1,658	1,658
	185,436	186,211	161,462	161,462
Expenditures				
Current:				
General government	114,658	120,726	111,862	111,862
Public safety	69,829	69,839	81,312	81,312
Health and welfare	949	1,085	-	-
Community development	-	-	949	949
Capital outlay	-	-	1,814	1,814
Indirect expenses	-	-	(8,341)	(8,341)
Debt service:				
Principal retirement	-	-	326	326
Interest and fiscal charges	-	-	674	674
	185,436	191,650	188,596	188,596
Excess (Deficiency) of Revenues over Expenditures	-	(5,439)	(27,134)	(27,134)
Other Financing Sources (Uses)				
Sale of capital assets, net	-	-	337	337
Transfers in	-	-	80,397	80,397
Transfers out	-	-	(29,551)	(29,551)
	-	-	51,183	51,183
Net Change in Fund Balance	-	(5,439)	24,049	24,049
Fund Balance – Beginning of Year	154,046	154,046	154,046	154,046
Fund Balance – End of Year	$ 154,046	$ 148,607	$ 178,095	$ 178,095

See notes to required supplementary information.

JEFFERSON COUNTY COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – SPECIAL SALES TAX FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	$ 115,125	$ 115,125	$ 111,558	$ 111,558
Charges for services, net	-	-	-	-
Investment income	-	-	189	189
	115,125	115,125	111,747	111,747
Expenditures				
Contributions to other entities	-	-	24,100	24,100
	-	-	24,100	24,100
Excess (Deficiency) of Revenues over Expenditures	115,125	115,125	87,647	87,647
Other Financing Sources (Uses)				
Transfers out	-	-	(87,649)	(87,649)
Net Change in Fund Balance	115,125	115,125	(2)	(2)
Fund Balance – Beginning of Year	23	23	23	23
Fund Balance – End of Year	$ 115,148	$ 115,148	$ 21	$ 21

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, 2019

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	$ 46,336	$ 46,336	$ 46,891	$ 46,891
Intergovernmental	785	785	797	$ 797
Interest and investment income	-	-	234	$ 234
	47,121	47,121	47,922	47,922
Expenditures				
Highway and roads	8,425	8,425	-	-
	8,425	8,425	-	-
Excess (Deficiency) of Revenues over Expenditures	38,696	38,696	47,922	47,922
Other Financing Sources (Uses)				
Transfers out	-	-	(48,150)	(48,150)
Net Change in Fund Balance	38,696	38,696	(228)	(228)
Fund Balance – Beginning of Year	361	361	361	361
Fund Balance – End of Year	$ 39,057	$ 39,057	$ 133	$ 133

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, 2019

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	$ 58,294	$ 58,294	$ 56,071	$ 56,071
Intergovernmental	-	-	551	551
Charges for services, net	2,978	2,978		-
Miscellaneous	-	-	522	522
Interest and investment income	-	-	134	134
	61,272	61,272	57,278	57,278
Expenditures				
Health and welfare	58,730	61,522	48,806	48,806
Capital outlay	542	542	12	12
Indirect expenses	2,000	2,000	2,312	2,312
	61,272	64,064	51,130	51,130
Excess (Deficiency) of Revenues over Expenditures	-	(2,792)	6,148	6,148
Other Financing Sources (Uses)				
Transfers out	-	-	(1,800)	(1,800)
	-	-	(1,800)	(1,800)
Net Change in Fund Balance	-	(2,792)	4,348	4,348
Fund Balance – Beginning of Year	22,606	22,606	22,606	22,606
Fund Balance – End of Year	$ 22,606	$ 19,814	$ 26,954	$ 26,954

See notes to required supplementary information.

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, 2019

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

JEFFERSON COUNTY COMMISSION
NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
(UNAUDITED)
SEPTEMBER 30, 2019

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

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

JEFFERSON COUNTY COMMISSION
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
(UNAUDITED)
SEPTEMBER 30, 2019

Year	Actuarially Determined Contribution	Contributions From Commission	Contribution (Deficiency)/ Excess	Covered Employee Payroll	Contribution as a % of Payroll
2010	9,297	9,297	-	154,950	6.00%
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%

JEFFERSON COUNTY COMMISSION
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
(UNAUDITED)
SEPTEMBER 30, 2019

Valuation Date:	September 30, 2018
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:	48 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, 2019

		2019
TOTAL OPEB LIABILITY		
Service cost	$	5,018
Interest		3,985
Changes of benefit terms		-
Differences between expected and actual experience		(14,558)
Changes of assumptions or other inputs		(1,066)
Benefit payments		(4,616)
Net change in Total OPEB Liability		(11,237)
Total OPEB Liability – beginning		113,926
Total OPEB Liability – ending	$	102,689
Covered-employee payroll	$	147,969
Total OPEB Liability as a percentage of covered-employee payroll		69.40%

JEFFERSON COUNTY COMMISSION
NOTES TO SCHEDULE OF CHANGES TOTAL OPEB LIABILITY AND RELATED RATIOS
(UNAUDITED)
SEPTEMBER 30, 2019

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 2019.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.57% to 4.18% due to a change in the municipal bond rate.

SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
(IN THOUSANDS)

ASSETS	Community Development Fund	Capital Improvements Fund	Road Fund	Road Construction Fund	Home Grant Fund
Cash and investments	$ 1,007	$ 3,198	$ 18,160	$ 2,313	$ 674
Accounts receivable, net	1,343	-	34	-	603
Taxes receivable, net	-	-	-	-	-
Tax receivable, net, highways and roads	-	-	21,650	-	-
Restricted assets	-	-	2,203	-	-
Advances due from (to) other funds	(1,255)	-	-	-	(132)
	$ 1,095	$ 3,198	$ 42,047	$ 2,313	$ 1,145
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 1,114	$ 2,418	$ 840	$ 1,143	$ 592
Deposits payable	-	-	2,015	-	-
Accrued wages and benefits	57	-	653	-	4
Due (from) to other governments	-	-	7,639	-	-
Retainage payable	116	704	-	171	-
Estimated litigation liability	-	-	1,066	-	-
Estimated claims liability	1	-	168	-	-
Total Liabilities	1,288	3,122	12,381	1,314	596
Deferred Inflows of Resources					
Property taxes	-	-	21,261	-	-
Fund Balances					
Restricted	116	704	8,405	171	-
Assigned	3,587	4,143	2,077	4,067	807
Unassigned	(3,896)	(4,771)	(2,077)	(3,239)	(258)
	(193)	76	8,405	999	549
	$ 1,095	$ 3,198	$ 42,047	$ 2,313	$ 1,145

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
(IN THOUSANDS)

ASSETS	Board of Equalization	Tax Assessor Birmingham	Tax Assessor Bessemer	Workforce Development Fund	Community Development Loan Fund
Cash and investments	$ 1,545	$ 3,621	$ 489	$ 3,233	$ 427
Accounts receivable, net	-	-	-	1,411	-
Taxes receivable, net	5,588	1,963	1,650	-	-
Tax receivable, net, highways and roads	-	-	-	-	-
Restricted assets	-	-	-	-	-
Advances due from (to) other funds	-	-	-	-	-
	$ 7,133	$ 5,584	$ 2,139	$ 4,644	$ 427
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 12	$ 1	$ 45	$ 1,021	$ -
Deposits payable	-	-	-	-	-
Accrued wages and benefits	162	78	57	63	-
Due (from) to other governments	-	-	-	-	-
Retainage payable	-	-	-	-	-
Estimated litigation liability	12	-	2	32	-
Estimated claims liability	33	21	10	-	-
Total Liabilities	219	100	114	1,116	-
Deferred Inflows of Resources					
Property taxes	5,588	1,963	1,650	-	-
Fund Balances					
Restricted	1,326	3,521	375	3,528	427
Assigned	12	6	4	1,849	-
Unassigned	(12)	(6)	(4)	(1,849)	-
	1,326	3,521	375	3,528	427
	$ 7,133	$ 5,584	$ 2,139	$ 4,644	$ 427

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019
(IN THOUSANDS)

ASSETS	Senior Citizens Services Fund	Limited Obligation Refunding Debt	Debt Service Fund	Total Nonmajor Governmental Funds
Cash and investments	$ -	$ -	$ 49	$ 34,716
Accounts receivable, net	-	-	-	3,391
Taxes receivable, net	-	-	-	9,201
Tax receivable, net, highways and roads	-	-	-	21,650
Restricted assets	-	287	3,211	5,701
Advances due from (to) other funds	-	9,125	(2,404)	5,334
	$ -	$ 9,412	$ 856	$ 79,993
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 7,186
Deposits payable	-	-	-	2,015
Accrued wages and benefits	-	-	-	1,074
Due (from) to other governments	-	-	-	7,639
Retainage payable	-	-	-	991
Estimated litigation liability	-	-	-	1,112
Estimated claims liability	-	-	-	233
Total Liabilities	-	-	-	20,250
Deferred Inflows of Resources				
Property taxes	-	-	-	30,462
Fund Balances				
Restricted	-	9,412	3,211	31,196
Assigned	-	-	(2,355)	14,197
Unassigned	-	-	-	(16,112)
	-	9,412	856	29,281
	$ -	$ 9,412	$ 856	$ 79,993

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, 2019
(IN THOUSANDS)

	Community Development Fund	Capital Improvements Fund	Road Fund	Road Construction Fund	Home Grant Fund
Revenues					
Taxes	$ -	$ -	$ 16,862	$ -	$ -
License and permits	-	-	2,144	-	-
Intergovernmental	4,726	-	284	-	1,860
Charges for services, net	-	-	95	13	-
Miscellaneous	34	-	155	-	82
Interest and investment income	-	-	170	36	-
	4,760	-	19,710	49	1,942
Expenditures					
Current:					
General government	-	4,842	-	-	1,951
Highways and roads	-	-	25,392	-	-
Health and welfare	-	-	-	-	-
Community development	4,853	-	-	-	-
Capital outlay	-	22,715	-	18,973	-
Indirect expenses	-	-	-	-	-
Debt service:					
Principal retirement	-	715	-	1,823	-
Interest and fiscal charges	-	217	-	161	-
	4,853	28,489	25,392	20,957	1,951
Excess (Deficiency) of Revenues over Expenditures	(93)	(28,489)	(5,682)	(20,908)	(9)
Other Financing Sources					
Sale of capital assets	-	-	-	3,168	-
Transfers in (out)	-	21,900	-	10,300	-
	-	21,900	-	13,468	-
Net Changes in Fund Balances	(93)	(6,589)	(5,682)	(7,440)	(9)
Fund Balances – Beginning of Year	(100)	6,665	14,087	8,439	558
Fund Balances – End of Year	$ (193)	$ 76	$ 8,405	$ 999	$ 549

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, 2019
(IN THOUSANDS)

	Board of Equalization	Tax Assessor Birmingham	Tax Assessor Bessemer	Workforce Development Fund	Community Development Loan Fund
Revenues					
Taxes	$ 5,506	$ 2,905	$ 1,705	$ -	$ -
License and permits	-	-	-	-	-
Intergovernmental	-	-	-	5,274	-
Charges for services, net	-	-	-	-	-
Miscellaneous	-	-	-	-	346
Interest and investment income	-	-	-	23	-
	5,506	2,905	1,705	5,297	346
Expenditures					
Current:					
General government	4,951	2,587	1,630	-	-
Highways and roads	-	-	-	-	-
Health and welfare	-	-	-	4,838	-
Community development	-	-	-	-	-
Capital outlay	728	-	28	-	-
Indirect expenses	54	41	12	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
	5,733	2,628	1,670	4,838	-
Excess (Deficiency) of Revenues over Expenditures	(227)	277	35	459	346
Other Financing Sources					
Sale of capital assets	-	-	-	-	-
Transfers in (out)	-	-	-	-	-
	-	-	-	-	-
Net Changes in Fund Balances	(227)	277	35	459	346
Fund Balances – Beginning of Year	1,553	3,244	340	3,069	81
Fund Balances – End of Year	$ 1,326	$ 3,521	$ 375	$ 3,528	$ 427

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, 2019
(IN THOUSANDS)

	Senior Citizens Services Fund	Limited Obligation Refunding Debt	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes	$ -	$ -	$ -	$ 26,978
License and permits	-	-	-	2,144
Intergovernmental	-	-	2,189	14,333
Charges for services, net	-	-	-	108
Miscellaneous	-	-	-	617
Interest and investment income	-	321	-	550
	-	321	2,189	44,730
Expenditures				
Current:				
General government	-	-	-	15,961
Highways and roads	-	-	-	25,392
Health and welfare	-	-	-	4,838
Community development	-	-	-	4,853
Capital outlay	-	-	-	42,444
Indirect expenses	-	-	-	107
Debt service:				
Principal retirement	-	10,555	22,445	35,538
Interest and fiscal charges	-	15,849	5,940	22,167
	-	26,404	28,385	151,300
Excess (Deficiency) of Revenues over Expenditures	-	(26,083)	(26,196)	(106,570)
Other Financing Sources				
Sale of capital assets	-	-	-	3,168
Transfers in (out)	(1,282)	26,433	26,250	83,601
	(1,282)	26,433	26,250	86,769
Net Changes in Fund Balances	(1,282)	350	54	(19,801)
Fund Balances – Beginning of Year	1,282	9,062	802	49,082
Fund Balances – End of Year	$ -	$ 9,412	$ 856	$ 29,281

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF NET POSITION –
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2019
(IN THOUSANDS)

ASSETS	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Total Nonmajor Enterprise Funds
Current Assets			
Cash and investments	$ -	$ 3,247	$ 3,247
Accounts receivable, net	395	7	402
Total Current Assets	395	3,254	3,649
Noncurrent Assets			
Investments – property held for sale	-	25,220	25,220
Restricted assets	219	-	219
Capital assets:			
Depreciable assets, net	10,691	-	10,691
Nondepreciable assets	7,907	-	7,907
Total Noncurrent Assets	18,817	25,220	44,037
	$ 19,212	$ 28,474	$ 47,686

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF NET POSITION –
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2019
(IN THOUSANDS)

LIABILITIES AND NET POSITION	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Total Nonmajor Enterprise Funds
Current Liabilities			
Accounts payable	$ 21	$ 33	$ 54
Due to other governments	-	637	637
Total Current Liabilities	21	670	691
Noncurrent Liabilities			
Advances due to other funds	6,754	29,300	36,054
Estimated liability for landfill closure and postclosure care costs	16,572	-	16,572
Total Liabilities	23,347	29,970	53,317
Net Position			
Net investment in capital assets	18,598	-	18,598
Restricted for:			
Closure and postclosure care	219	-	219
Unrestricted	(22,952)	(1,496)	(24,448)
	$ (4,135)	$ (1,496)	$ (5,631)

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, 2019
(IN THOUSANDS)

	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Total Nonmajor Enterprise Funds
Operating Revenues			
Other operating revenue	$ 1,447	$ 45	$ 1,492
	1,447	45	1,492
Operating Expenses			
Salaries	-	157	157
Employee benefits and payroll taxes	-	12	12
Utilities	-	54	54
Outside services	182	317	499
Office expenses	-	360	360
Depreciation	1,798	21	1,819
Closure and postclosure care	2,220	-	2,220
Indirect expenses	132	-	132
	4,332	921	5,253
Operating Loss	(2,885)	(876)	(3,761)
Nonoperating Revenues (Expenses)			
Interest expense, net	(52)	(49)	(101)
Interest revenue	3	89	92
	(49)	40	(9)
Changes in Net Position	(2,934)	(836)	(3,770)
Net Position – Beginning of Year	(1,201)	(660)	(1,861)
Net Position – End of Year	$ (4,135)	$ (1,496)	$ (5,631)

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(IN THOUSANDS)

	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Cash received from services	$ -	$ 42	$ 42
Cash payments to employees	-	(169)	(169)
Cash payments for goods and services	(293)	(765)	(1,058)
Other receipts and payments, net	342	4,550	4,892
Net Cash Provided by Operating Activities	49	3,658	3,707
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	-	(4,837)	(4,837)
Interest paid	(52)	(49)	(101)
Net Cash Used by Capital and Related Financing Activities	(52)	(4,886)	(4,938)
Cash Flows from Investing Activities			
Interest received	3	89	92
Net Cash Provided by Investing Activities	3	89	92
Change in Cash and Investments	-	(1,139)	(1,139)
Cash and Investments – Beginning of Year	219	4,386	4,605
Cash and Investments – End of Year	$ 219	$ 3,247	$ 3,466
Displayed As			
Cash and investments	$ -	$ 3,247	$ 3,247
Restricted assets – noncurrent cash and investments	219	-	219
	$ 219	$ 3,247	$ 3,466

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF CASH FLOWS – NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019
(IN THOUSANDS)
(Continued)

	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Total Nonmajor Enterprise Funds
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities			
Operating loss	$ (2,885)	$ (876)	$ (3,761)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	1,798	21	1,819
Change in accounts receivable	(165)	(3)	(168)
Change in amounts due to other governments	-	(2,498)	(2,498)
Change in advances due to other funds	(940)	7,048	6,108
Change in accounts payable	21	(34)	(13)
Change in estimated liability for landfill closure and postclosure care costs	2,220	-	2,220
	2,934	4,534	7,468
Net Cash Provided by Operating Activities	$ 49	$ 3,658	$ 3,707

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
SEPTEMBER 30, 2019
(IN THOUSANDS)

	Balance October 1, 2018	Additions	Deductions	Balance September 30, 2019
City of Birmingham Revolving Loan Fund				
Assets				
Cash and investments	$ 1,174	$ 26	$ -	$ 1,200
	$ 1,174	$ 26	$ -	$ 1,200
Liabilities				
Due to other governments	$ 1,174	$ 26	$ -	$ 1,200
Personnel Board Fund				
Assets and Deferred Outflows				
Cash and investments	$ 701	$ 5,940	$ (6,462)	$ 179
Accounts receivable, net	81	6,655	(6,032)	704
Net pension asset	5,065	2,344	-	7,409
Property and equipment, net	794	26	(330)	490
Deferred outflows - pension	551	-	(103)	448
Deferred outflows - OPEB	50	11	-	61
	$ 7,242	$ 14,976	$ (12,927)	$ 9,291
Liabilities and Deferred Inflows				
Accounts payable	$ 55	$ 2,088	$ (1,938)	$ 205
Accrued employee expenses	1,301	6,254	(6,201)	1,354
Due to other governments	3,110	217	-	3,327
Total OPEB liability	1,246	165		1,411
Deferred inflows - OPEB	65	188	-	253
Deferred inflows - pension	1,465	1,276	-	2,741
	$ 7,242	$ 10,188	$ (8,139)	$ 9,291
Emergency Management Agency Fund				
Assets				
Cash and investments	$ 748	$ 1,654	$ (1,734)	$ 668
Other receivables	106	138	-	244
Property and equipment, net	99	-	(34)	65
	$ 953	$ 1,792	$ (1,768)	$ 977
Liabilities				
Accounts payable	$ 7	$ 539	$ (536)	$ 10
Accrued employee expenses	78	633	(604)	107
OPEB liability	-	26	-	26
Deferred inflows - OPEB	-	4	-	4
Due to other governments	868	-	(38)	830
	$ 953	$ 1,202	$ (1,178)	$ 977
Total	$ 9,369			$ 11,468

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
GENERAL FUND BY CATEGORY
SEPTEMBER 30, 2019
(IN THOUSANDS)

ASSETS	**General Fund**	**Uncertainty Fund**	**Catastrophic Fund**	**Budget Stabilization Fund**	**Economic Development Fund**	**Total General Fund**
Cash and investments	$ 82,659	$ 7,038	$ 7,038	$ 7,000	$ 13,525	$ 117,260
Accounts receivable, net	804	-	-	-	-	804
Taxes receivable, net	89,562	-	-	-	-	89,562
Prepaid expenses and other current assets	1,186	-	-	-	-	1,186
Restricted assets	12,183	-	-	-	-	12,183
Advances due from (to) other funds	49,009	-	-	-	-	49,009
	$ 235,403	$ 7,038	$ 7,038	$ 7,000	$ 13,525	$ 270,004
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 11,130	$ -	$ -	$ -	$ -	$ 11,130
Accrued wages and benefits	5,236	-	-	-	-	5,236
Due (from) to other governments	(1,348)	-	-	-	-	(1,348)
Estimated litigation liability	1,255	-	-	-	-	1,255
Estimated claims liability	1,172	-	-	-	-	1,172
Total Liabilities	17,445	-	-	-	-	17,445
Deferred Inflows of Resources						
Property taxes	74,464	-	-	-	-	74,464
Fund Balances						
Nonspendable	50,195	-	-	-	-	50,195
Restricted	12,183	-	-	-	-	12,183
Assigned	5,112	7,038	7,038	7,000	13,525	39,713
Unassigned	76,004	-	-		-	76,004
	143,494	7,038	7,038	7,000	13,525	178,095
	$ 235,403	$ 7,038	$ 7,038	$ 7,000	$ 13,525	$ 270,004

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, 2019
(IN THOUSANDS)

	General Fund	Uncertainty Fund	Catastrophic Fund	Budget Stabilization Fund	Economic Development Fund	Total General Fund
Revenues						
Taxes	$ 99,797	$ -	$ -	$ -	$ -	$ 99,797
Licenses and permits	11,099	-	-	-	-	11,099
Intergovernmental	8,572	-	-	-	-	8,572
Charges for services, net	30,594	-	-	-	-	30,594
Miscellaneous	9,742	-	-	-	-	9,742
Interest and investment income	1,582	38	38	-	-	1,658
	161,386	38	38	-	-	161,462
Expenditures						
Current:						
General government	110,593	-	-	-	1,269	111,862
Public safety	81,312	-	-	-	-	81,312
Community development	949	-	-	-	-	949
Capital outlay	33	-	-		1,781	1,814
Indirect expenses	(8,341)	-	-	-	-	(8,341)
Debt service:						
Principal retirement	-	-	-		326	326
Interest and fiscal charges	-	-	-	-	674	674
	184,546	-	-	-	4,050	188,596
Excess (Deficiency) of Revenues over Expenditures	(23,160)	38	38	-	(4,050)	(27,134)
Other Financing Sources (Uses)						
Sale of capital assets	337	-	-	-	-	337
Transfers in	64,397	2,000	2,000	2,000	10,000	80,397
Transfers out	(29,551)	-	-	-	-	(29,551)
	35,183	2,000	2,000	2,000	10,000	51,183
Net Changes in Fund Balances	12,023	2,038	2,038	2,000	5,950	24,049
Fund Balances - Beginning of Year	131,471	5,000	5,000	5,000	7,575	154,046
Fund Balances – End of Year	$ 143,494	$ 7,038	$ 7,038	$ 7,000	$ 13,525	$ 178,095

See independent auditors' report.

ADDITIONAL INFORMATION

JEFFERSON COUNTY COMMISSION
COMMISSION MEMBERS AND ADMINISTRATIVE PERSONNEL
(UNAUDITED)
SEPTEMBER 30, 2019

Commission Members as of March 27, 2020			**Term Expires**
Hon. James A. Stephens	President	Suite 210 Jefferson County Courthouse Birmingham, AL 35203	2022
Hon. Lashunda Scales	President Pro Tem	Suite 240 Jefferson County Courthouse Birmingham, AL 35203	2022
Hon. Sheila Tyson	Member	Suite 250 Jefferson County Courthouse Birmingham, AL 35203	2022
Hon. T. Joe Knight	Member	Suite 220 Jefferson County Courthouse Birmingham, AL 35203	2022
Hon. Steve Ammons	Member	Suite 230 Jefferson County Courthouse Birmingham, AL 35203	2022

Administrative Personnel as of March 27, 2020		
Tony Petelos	Chief Executive Officer	Suite 251 Jefferson County Courthouse Birmingham, AL 35203
Travis Hulsey	Revenue Director and Interim Chief Financial Officer	Suite 810 Jefferson County Courthouse Birmingham, AL 35203
Theodore Lawson	County Attorney	Suite 280 Jefferson County Courthouse Birmingham, AL 35203