NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: A3
S&P: AA-
Fitch: AA-
(See "RATINGS" herein)

In the opinion of Bond Counsel to the County, subject to the limitations set forth herein, under existing law, interest on the Series 2018 Warrants (1) will be excludable from gross income for federal income tax purposes if the County complies with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2018 Warrants in order that interest thereon be and remain excludable from gross income, and (2) will not be an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations. Bond Counsel to the County is also of the opinion that, under existing law, interest on the Series 2018 Warrants will be exempt from State of Alabama income taxation. See "TAX MATTERS" herein for further information and certain other federal tax consequences arising with respect to the Series 2018 Warrants.

Jefferson County, Alabama
$111,360,000
General Obligation
Refunding Warrants
Series 2018-A

Jefferson County, Alabama
$26,815,000
General Obligation Refunding Warrants
(Delayed Delivery)
Series 2018-B

Dated: Date of Delivery **Due:** April 1, as shown on the inside cover hereof

The above-referenced General Obligation Refunding Warrants, Series 2018-A (the "Series 2018-A Warrants") and above-referenced General Obligation Refunding Warrants (Delayed Delivery), Series 2018-B (the "Series 2018-B Warrants" and, together with the Series 2018-A Warrants, the "Series 2018 Warrants") are issuable as fully registered warrants, in the denomination of $5,000 or any integral multiple thereof and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which principal and interest payments on the Series 2018 Warrants will be made so long as Cede & Co. is the registered owner. Individual purchases of the Series 2018 Warrants will be made in Book-Entry Only form, and individual purchasers ("Beneficial Owners") of the Series 2018 Warrants will not receive physical delivery of warrant certificates.

Interest will be payable on the Series 2018-A Warrants each April 1 and October 1, commencing October 1, 2018 for the Series 2018-A Warrants, and commencing April 1, 2019 for the Series 2018-B Warrants. The Series 2018 Warrants are being issued pursuant to a Trust Indenture dated as of May 1, 2018 (the "Indenture"), between Jefferson County, Alabama (the "County") and Wilmington Trust, National Association, a national banking association, Birmingham, Alabama, as Trustee (the "Trustee"). So long as DTC or its nominee is the registered owner of the Series 2018 Warrants, disbursements of such payments to DTC is the responsibility of the Trustee, disbursements of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct Participants or Indirect Participants as more fully described herein under the caption "BOOK-ENTRY ONLY SYSTEM."

The Series 2018 Warrants are general obligations of the County for the payment of which the full faith and credit of the County will be pledged.

The Series 2018-B Warrants are not expected to be issued or delivered until on or around September 17, 2018 (the "2018-B Settlement Date"). For a discussion of the delayed delivery of the Series 2018-B Warrants, certain conditions to the Underwriters' obligation to purchase the Series 2018-B Warrants, and certain risks to purchasers of beneficial interests in the Series 2018-B Warrants resulting from this delayed delivery, see "THE SERIES 2018-B WARRANTS – Delayed Delivery" herein.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. An investment decision in the Series 2018 Warrants involves certain risks that prospective investors should carefully consider. See "RISK FACTORS" herein.

The Series 2018 Warrants are offered when, as and if issued, subject to approval of validity by Balch & Bingham LLP, Birmingham, Alabama, Bond Counsel to the County. Certain legal matters will be passed on by Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Disclosure Counsel to the County. Certain legal matters will be passed on for the Underwriters by their counsel, Waldrep, Stewart & Kendrick, LLC, Birmingham, Alabama. Public Resources Advisory Group and Terminus Municipal Advisors, LLC are serving as Co-Financial Advisors to the County. It is expected that the Series 2018-A Warrants in definitive form will be available for delivery through the facilities of DTC on or about May 31, 2018. The Series 2018-B Warrants will not be delivered until the 2018-B Settlement Date, as more particularly described herein. See "THE SERIES 2018-B WARRANTS – Delayed Delivery" herein.

RAYMOND JAMES® **STIFEL**

CITIGROUP **SECURITIES CAPITAL CORPORATION** **PiperJaffray®** **DREXEL HAMILTON**

Dated: May 24, 2018

MATURITIES, AMOUNTS, RATES, YIELDS & CUSIP NUMBERS

Jefferson County, Alabama
$111,360,000
General Obligation Refunding Warrants
Series 2018-A

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP[1]
2019	$9,520,000	4.000%	1.900%	472628RJ7
2020	9,000,000	5.000	2.040	472628RK4
2021	9,450,000	5.000	2.170	472628RL2
2022	18,140,000	5.000	2.290	472628RM0
2023	19,050,000	5.000	2.400	472628RN8
2024	20,000,000	5.000	2.570	472628RP3
2025	12,780,000	5.000	2.740	472628RQ1
2026	13,420,000	5.000	2.860	472628RR9

Jefferson County, Alabama
$26,815,000
General Obligation Refunding Warrants
(Delayed Delivery)
Series 2018-B

Maturity (April 1)	Principal Amount	Interest Rate	Yield	CUSIP[1]
2019	$ 460,000	4.000%	2.100%	472628RS7
2020	12,885,000	5.000	2.260	472628RT5
2021	13,470,000	5.000	2.410	472628RU2

[1] The CUSIP numbers shown above have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw Hill Companies, Inc., and are included solely for the convenience of the holders of the Series 2018 Warrants. Neither the Underwriters nor the County is responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness on the Series 2018 Warrants or as indicated herein.

JEFFERSON COUNTY, ALABAMA

JEFFERSON COUNTY COMMISSION

JIMMIE STEPHENS- DISTRICT 3
PRESIDENT

SANDRA LITTLE BROWN- DISTRICT 2
PRESIDENT PRO TEMPORE

GEORGE BOWMAN- DISTRICT 1
COMMISSIONER

JOE KNIGHT- DISTRICT 4
COMMISSIONER

DAVID CARRINGTON- DISTRICT 5
COMMISSIONER

COUNTY MANAGER
TONY PETELOS

CHIEF FINANCIAL OFFICER
JOHN S. HENRY

COUNTY ATTORNEY
THEODORE LAWSON

BOND COUNSEL

BALCH & BINGHAM LLP
BIRMINGHAM, ALABAMA

DISCLOSURE COUNSEL

BRADLEY ARANT BOULT CUMMINGS LLP
BIRMINGHAM, ALABAMA

UNDERWRITERS' COUNSEL

WALDREP, STEWART & KENDRICK, LLC
BIRMINGHAM, ALABAMA

CO-FINANCIAL ADVISORS

PUBLIC RESOURCES ADVISORY GROUP
NEW YORK, NEW YORK

TERMINUS MUNICIPAL ADVISORS, LLC
ATLANTA, GEORGIA

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NOTICE TO INVESTORS

No dealer, broker, salesman or other person has been authorized by the County or the Underwriters to give any information or to make any representation with respect to the County or the Series 2018 Warrants other than as contained in this Official Statement, and, if given or made, such information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2018 Warrants by any person, in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. Certain information contained herein has been obtained from the County and other sources which are believed by the Underwriters to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriters. In accordance with, and as part of, their responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, the Underwriters have reviewed the information in this Official Statement, but do not guarantee the accuracy or completeness of such information. Neither the delivery of this Official Statement nor the sale of any of the Series 2018 Warrants shall imply that the information herein is correct as of any time subsequent to the date hereof.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports, agreements or other documents are referred to herein, reference should be made to such statutes, reports, agreements or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The Series 2018 Warrants have not been registered under the Securities Act of 1933, as amended, or any state securities laws, and neither the Securities and Exchange Commission nor any state regulatory agency will pass upon the accuracy, completeness or adequacy of this Official Statement.

THE SERIES 2018 WARRANTS HAVE RISK CHARACTERISTICS WHICH REQUIRE CAREFUL ANALYSIS AND CONSIDERATION BEFORE A DECISION TO PURCHASE IS MADE. THE SERIES 2018 WARRANTS SHOULD BE PURCHASED BY INVESTORS WHO HAVE ADEQUATE EXPERIENCE TO EVALUATE THE MERITS AND RISKS OF THE SERIES 2018 WARRANTS. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFICIAL STATEMENT OR ANY PRIOR OR SUBSEQUENT COMMUNICATION FROM THE UNDERWRITERS, THEIR AFFILIATES, OFFICERS AND EMPLOYEES OR ANY PROFESSIONAL ASSOCIATED WITH THIS OFFERING AS INVESTMENT OR LEGAL ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO FINANCIAL, LEGAL AND RELATED MATTERS CONCERNING THE INVESTMENT DESCRIBED HEREIN.

There can be no guarantee that there will be a secondary market for the Series 2018 Warrants or, if a secondary market exists, that it will continue to exist or that the Series 2018 Warrants can in any event be sold for any particular price.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create an implication that there has been no change in the affairs of the County since the date hereof. The delivery of this Official Statement does not imply that the information contained herein is correct on any date subsequent to the date of this Official Statement.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2018 WARRANTS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2018 WARRANTS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE

DISCONTINUED AT ANY TIME. THE COUNTY HAS NO CONTROL OVER THE TRADING OF THE SERIES 2018 WARRANTS AFTER THEIR SALE.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "believe," "expect," "estimate," "anticipate," "intend," "projected," "budget," "could," or other similar words. Additionally, all statements in this Official Statement, including forward-looking statements, speak only as of the date they are made, and the County and the Underwriters disclaim any obligation to update any of the forward-looking statements contained herein to reflect future events or developments.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including students, customers, suppliers, partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the County. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The County and the Underwriters disclaim any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments.

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OFFICIAL STATEMENT

JEFFERSON COUNTY, ALABAMA

$111,360,000 General Obligation Refunding Warrants Series 2018-A	$26,815,000 General Obligation Refunding Warrants (Delayed Delivery) Series 2018-B

INTRODUCTION

This Official Statement is furnished in connection with the issuance of the above-referenced General Obligation Refunding Warrants, Series 2018-A (the "Series 2018-A Warrants") and General Obligation Refunding Warrants (Delayed Delivery), Series 2018-B (the "Series 2018-B Warrants" and, together with the Series 2018-A Warrants, the "Series 2018 Warrants") by Jefferson County, Alabama (the "County"). The County is a political subdivision of the State of Alabama.

The Series 2018 Warrants will be issued pursuant to a Trust Indenture dated as of May 1, 2018 (the "Indenture"), between the County and Wilmington Trust, National Association, a national banking association (the "Trustee"). See Appendix D —"FORM OF THE INDENTURE."

The Series 2018 Warrants will be general obligations of the County for the payment of which the full faith and credit of the County will be pledged. The Series 2018 Warrants will not be obligations of the State of Alabama or any political subdivision of the State of Alabama other than the County.

The Series 2018-A Warrants are being issued for the purpose of (i) refunding, on a current basis, the County's $94,000,000 initial aggregate principal amount General Obligation Capital Improvement and Refunding Warrants, Series 2003-A, dated March 1, 2003 (the "Series 2003-A Warrants") and $51,020,000 initial aggregate principal amount General Obligation Capital Improvement Warrants, Series 2004-A, dated August 1, 2004 (the "Series 2004-A Warrants"), (ii) providing a portion of the funds to cause to be redeemed and retired the $86,745,000 initial principal amount Lease Revenue Warrants, Series 2006, dated August 1, 2006 (the "2006 PBA Warrants"), issued by the Jefferson County Public Building Authority, a public corporation under the laws of the state of Alabama (the "County PBA") under a trust indenture (the "PBA Indenture") with First Commercial Bank, as trustee (the "2006 PBA Warrants Trustee"), to finance facilities for the use and benefit of the County, and (iii) paying a portion of the costs of issuing the Series 2018-A Warrants. See "PLAN OF REFUNDING – Series 2018-A Warrants" and "JEFFERSON COUNTY BANKRUPTCY" herein.

The Series 2018-B Warrants are being issued for the purpose of (i) refunding, on a current basis, those of the County's $47,245,000 initial aggregate principal amount General Obligation Warrants, dated December 3, 2013 (the "2013-A Warrants"), scheduled for mandatory redemption in 2020 and thereafter (the "Refunded Series 2013-A Warrants"), and those of the $46,575,000 initial aggregate principal amount General Obligation Warrants, dated December 3, 2013 (the "2013-C Warrants") scheduled for mandatory redemption in 2020 and thereafter (the "Refunded Series 2013-C Warrants"), and (ii) paying costs of issuing the Series 2018-B Warrants. See "PLAN OF REFUNDING – Series 2018-B Warrants" and "JEFFERSON COUNTY BANKRUTPCY" herein.

See also "Appendix G – SUMMARY OF 2018 REFUNDED OBLIGATIONS" for additional details concerning the Series 2003-A Warrants, Series 2004-A Warrants and 2006 PBA Warrants to be refinanced by the Series 2018-A Warrants, and the Refunded Series 2013-A Warrants and Refunded Series 2013-C Warrants to be refinanced by the Series 2018-B Warrants.

At the time of issuance of each series of the Series 2018 Warrants, the County will covenant to undertake certain continuing disclosure obligations pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE" herein.

Capitalized terms used in this Official Statement and not defined in the body hereof shall have the meanings assigned in Appendix D – "FORM OF THE INDENTURE" hereto.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. For further information during the initial offering period with respect to the Series 2018 Warrants, contact John S. Henry, Chief Financial Officer, Jefferson County Commission, 716 Richard Arrington Blvd. North, Birmingham, Alabama 35203, telephone (205) 325-5762.

THE SERIES 2018-A WARRANTS

General Provisions

The Series 2018-A Warrants will be fully registered warrants in the denomination of $5,000 or any integral multiple thereof and will be dated their date of delivery. The Series 2018-A Warrants will bear interest at the rates, and will mature on the dates and in the amounts, set forth on the inside cover page of this Official Statement for the Series 2018-A Warrants. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest on the Series 2018-A Warrants will be payable on each April 1 and October 1, commencing October 1, 2018.

So long as the Series 2018-A Warrants are maintained in book-entry form with The Depository Trust Company ("DTC"), the Trustee will pay interest on such series of warrants to DTC, and interest will be distributed to the beneficial owners thereof in accordance with the rules and regulations of DTC and its book-entry only system (the "Book-Entry Only System"). See "BOOK-ENTRY ONLY SYSTEM" herein for a description of the Book-Entry Only System.

Payment, Registration, Transfer and Exchange Provisions

The transfer, registration, exchange and payment of the Series 2018-A Warrants will be governed by the Book-Entry Only System administered by DTC until for such series the Book-Entry Only System is terminated pursuant to the terms and conditions of the Indenture. If the Book-Entry Only System is terminated for the Series 2018-A Warrants, the Indenture provides alternate provisions for the transfer, registration, exchange and payment of Series 2018-A Warrants. See Appendix D – "FORM OF THE INDENTURE".

Authority for Issuance; Purpose

The Series 2018-A Warrants are being issued pursuant to Chapter 28 of Title 11 of the Code of Alabama 1975, as amended (the "Enabling Law") and under the Indenture, which shall be approved by a resolution adopted by the Jefferson County Commission (the "2018 Authorizing Resolution").

The Series 2018-A Warrants are being issued for the purpose of (i) refunding, on a current basis, the County's Series 2003-A Warrants and Series 2004-A Warrants, (ii) providing a portion of the funds required to cause to be redeemed and retired the 2006 PBA Warrants issued by the County PBA to finance facilities for the use and benefit of the County, and (iii) paying a portion of the costs of issuing the Series 2018-A Warrants. See "PLAN OF REFUNDING – Series 2018-A Warrants" and "JEFFERSON COUNTY BANKRUPTCY" herein. See also Appendix G - "SUMMARY OF 2018 REFUNDED OBLIGATIONS" for additional details concerning the Series 2003-A Warrants, Series 2004-A Warrants and 2006 PBA Warrants.

Debt Service Requirements

The following table contains the scheduled debt service requirements on the Series 2018-A Warrants on a fiscal year basis:

Fiscal Year Ending September 30,	Principal Amount	Interest	Total
2019	$9,520,000	$4,575,869	$14,095,869
2020	9,000,000	5,092,000	14,092,000
2021	9,450,000	4,642,000	14,092,000
2022	18,140,000	4,169,500	22,309,500
2023	19,050,000	3,262,500	22,312,500
2024	20,000,000	2,310,000	22,310,000
2025	12,780,000	1,310,000	14,090,000
2026	13,420,000	671,000	14,091,000

Redemption Prior to Maturity

The Series 2018-A Warrants are not subject to redemption prior to maturity.

THE SERIES 2018-B WARRANTS

General Provisions

The Series 2018-B Warrants will be fully registered warrants in the denomination of $5,000 or any integral multiple thereof and will be dated their date of delivery. **The Series 2018-B Warrants will have a delayed delivery and will not be available for delivery until on or about September 17, 2018 (the "2018-B Settlement Date"). See "Delayed Delivery" below.**

The Series 2018-B Warrants will bear interest at the rates, and will mature on the dates and in the amounts, set forth on the inside cover page of this Official Statement for the Series 2018-B Warrants. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each. Interest on the Series 2018-B Warrants will be payable on each April 1 and October 1, commencing April 1, 2019.

So long as the Series 2018-B Warrants are maintained in book-entry form with DTC, the Trustee will pay interest on such series of warrants to DTC, and interest will be distributed to the beneficial owners thereof in accordance with the rules and regulations of DTC and the Book-Entry Only System. See "BOOK-ENTRY ONLY SYSTEM" herein for a description of the Book-Entry Only System.

Payment, Registration, Transfer and Exchange Provisions

The transfer, registration, exchange and payment of the Series 2018-B Warrants will be governed by the Book-Entry Only System administered by DTC until for such series the Book-Entry Only System is terminated pursuant to the terms and conditions of the Indenture. If the Book-Entry Only System is terminated for the Series 2018-B Warrants, the Indenture provides alternate provisions for the transfer, registration, exchange and payment of Series 2018-B Warrants. See Appendix D – "FORM OF THE INDENTURE."

Authority for Issuance; Purpose

The Series 2018-B Warrants are being issued pursuant to the Enabling Law and under the Indenture, which shall be approved by the 2018 Authorizing Resolution.

The Series 2018-B Warrants are being issued for the purpose of (i) refunding, on a current basis, the Refunded Series 2013-A Warrants and the Refunded Series 2013-C Warrants, and (ii) paying the costs of issuing the Series 2018-B Warrants. See "PLAN OF REFUNDING – Series 2018-B Warrants" and "JEFFERSON COUNTY BANKRUTPCY" herein. See also "Appendix G – SUMMARY OF 2018 REFUNDED OBLIGATIONS" for additional details concerning the Refunded Series 2013-A Warrants and the Refunded Series 2013-C Warrants to be refinanced by the Series 2018-B Warrants.

Delayed Delivery

General. The County entered a Warrant Purchase Agreement dated the date of sale of the Series 2018-B Warrants (the "2018-B Delayed Delivery Purchase Agreement"*)* with the Underwriters (hereinafter defined) respecting the sale, issuance and delivery of the Series 2018-B Warrants. Pursuant to the 2018-B Delayed Delivery Purchase Agreement, the County will not issue the Series 2018-B Warrants at the time the Series 2018-A Warrants are delivered. Rather, the County will issue and deliver the Series 2018-B Warrants on September 17, 2018, or on such later date as is mutually agreed upon by the County and the Underwriters (such date, the "2018-B Settlement Date").

The following is a description of certain provisions of the 2018-B Delayed Delivery Purchase Agreement. The following is not to be considered a full statement of the terms of the 2018-B Delayed Delivery Purchase Agreement, and accordingly is qualified by reference thereto and is subject to the full text thereof. Prospective investors in the Series 2018-B Warrants are encouraged to review the 2018-B Delayed Delivery Purchase Agreement prior to making an investment decision. A copy of the 2018-B Delayed Delivery Purchase Agreement may be obtained from the Underwriters at Raymond James & Associates, Inc., 2900 Highway 280, Suite 100, Birmingham, AL 35223; 1-800-753-6619.

Settlement. The issuance of the Series 2018-B Warrants and the Underwriters' obligations under the 2018-B Delayed Delivery Purchase Agreement to purchase, accept delivery of and pay for the Series 2018-B Warrants on the 2018-B Settlement Date are contingent upon various matters and conditions including, without limitation, (i) that the representations and warranties of the County contained in the 2018-B Delayed Delivery Purchase Agreement are true, complete and correct as of the 2018-B Settlement Date, (ii) the absence of any change in the Enabling Law or the Indenture, the Series 2018-B Warrants, the Authorizing Resolution and other legal documents which in the judgment of the Representative (hereinafter defined) impairs the investment quality of the Series 2018-B Warrants, (iii) delivery of the Indenture and various other legal documents and instruments, certificates and legal opinions, and (iv) satisfaction by the County and other parties of various conditions as of the 2018-B Settlement Date. Among the several opinions required to be delivered is an approval opinion of Bond Counsel to the County, dated the 2018-B Settlement Date and substantially in the form as set forth on Appendix C-2 to this Official Statement, together with a reliance letter from Bond Counsel to the County addressed to the Underwriters and an opinion from Bond Counsel to the County delivered to the Underwriters to the effect that upon the 2018-B Settlement Date the 2018-B Refunded Obligations are no longer outstanding under the indenture pursuant to which they were issued and that the lien established under such indenture has been terminated. Additionally, the County must deliver evidence satisfactory to the Underwriters that, as of the 2018-B Settlement Date, each of Moody's, S&P, and Fitch (each hereinafter defined) has rated the Series 2018-B Warrants; provided, for each such rating agency, if such rating agency no longer provides ratings on municipal securities at the time of the 2018-B Settlement Date, then this requirement shall be waived with respect to such rating agency. The Underwriters also have the right to terminate their obligation to purchase the Series 2018-B Warrants if, at any time between the pre-closing date for the Series 2018-B Warrants (which is expected to be the date the Series 2018-A Warrants are issued) (the "2018-B Pre-Closing Date") and the 2018-B Settlement Date, (A) the obligations of the County provided for in the 2018-B Delayed Delivery Purchase Agreement have not been performed or satisfied; (B) the Underwriters shall have exercised their right to terminate the 2018-B Delayed Delivery Purchase Agreement as provided for in the 2018-B Delayed Delivery Purchase Agreement; or (C) there shall have been a Change in Law (in the sole judgment of the Representative) which has not have been waived by the Representative. A "Change in Law" means:

(i) (A) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (B) any law, rule or regulation enacted by any governmental body, commission, or agency or (C) any judgment, ruling or order issued by any court or administrative body, which in each instance (as described in (A) through (C) above) would, (1) legally prohibit the Underwriters (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) from accepting delivery of and paying for the Series 2018-B Warrants in accordance with the provisions of the 2018-B Delayed Delivery Purchase Agreement or selling the Series 2018-B Warrants or beneficial ownership interests therein to bona fide purchasers, or (2) make the sale or issuance and delivery of the Series 2018-B Warrants illegal (or have the retroactive effect of making such sale, issuance, or delivery illegal, if enacted, adopted, passed or finalized), or (3) eliminate the exclusion from gross income of interest on the Series 2018-B Warrants (or have the retroactive effect of eliminating such exclusion if enacted, adopted, passed, or finalized), or (4) require the Series 2018-B Warrants to be registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended or the Indenture to be qualified under the Trust Indenture Act of 1939, as amended (or have the retroactive effect of requiring such registration or qualification if enacted, passed, finalized, or adopted); provided, however, that such change in or addition to law, legislation, rule or regulation, or judgment, ruling or order shall have become effective, been enacted or been issued, as the case may be, subsequent to the date of execution of the 2018-B Delayed Delivery Purchase Agreement; or

(ii) a stop order, ruling, regulation, or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering, or sale of the Series 2018-B Warrants, or the delivery of the Indenture is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended.

The Underwriters may not refuse to purchase the Series 2018-B Warrants, and the investors in the Series 2018-B Warrants may not refuse to purchase the Series 2018-B Warrants pursuant to 2018-B Delayed Delivery Contracts (hereinafter defined) by reason of "general market or credit changes," including, but not limited to, (a) changes in the ratings of the Series 2018-B Warrants from those shown in this Official Statement at any time following execution of the 2018-B Delayed Delivery Contracts, or (b) changes in the financial condition, operations, performance, properties or prospects of the County prior to the 2018-B Settlement Date.

2018-B Delayed Delivery Contract

The Underwriters have advised the County that the Series 2018-B Warrants will be sold only to investors who execute a contract with the Representative (on behalf of itself and the other Underwriters) concerning such investor's commitment to purchase Series 2018-B Warrants, the form of which contract is included in Appendix F attached hereto (the "2018-B Delayed Delivery Contract"*)*. Each 2018-B Delayed Delivery Contact will be entered into at the request and for the convenience of the Underwriters. The County will not be a party to any 2018-B Delayed Delivery Contract, and the County is not in any way responsible for the performance thereof or for any representations or warranties contained therein. The rights and obligations of the parties under the 2018-B Delayed Delivery Purchase Agreement are not conditioned or dependent upon the performance of any 2018-B Delayed Delivery Contract. **Prospective investors in the Series 2018-B Warrants are encouraged to review the form of 2018-B Delayed Delivery Contract set forth on Appendix F hereto.**

Certain Risks Related to Delayed Delivery of the Series 2018-B Warrants

General. During the period between the date of this Official Statement and the 2018-B Settlement Date (the "2018-B Delayed Delivery Period"), certain information contained in this Official Statement could change in a material respect. Any changes in such information will not permit the Underwriters to terminate the 2018-B Delayed Delivery Purchase Agreement or any 2018-B Delayed Delivery Contract, or release purchasers of their obligation to purchase Series 2018-B Warrants pursuant to any 2018-B Delayed Delivery Contract. The obligation of an investor to take delivery of Series 2018-B Warrants under a 2018-B Delayed Delivery Contract is unconditional, except in the event that between the date of such 2018-B Delayed Delivery Contract and the 2018-B Settlement Date and upon written notice from the Representative (on behalf of itself and the other Underwriters) that (A) the obligations of the County provided for in the 2018-B Delayed Delivery Purchase Agreement have not been performed or satisfied; (B) the Representative (on behalf of itself and the other Underwriters) shall have exercised its right to terminate the 2018-

B Delayed Delivery Purchase Agreement as provided for therein, with respect to which termination the investor in the Series 2018-B Warrants that is party to a 2018-B Delayed Delivery Contract shall be deemed to have consented; or (C) there shall have been a Change in Law (as defined above) in the sole judgment of the Representative (on behalf of itself and the other Underwriters) and not have been waived by the Representative (on behalf of itself and the other Underwriters). Purchasers of the Series 2018-B Warrants are subject to certain additional risks, some of which are described below.

Ratings Risk. No assurances can be given that the ratings assigned to the Series 2018-B Warrants on the 2018-B Settlement Date will not be different from those assigned to the Series 2018-B Warrants as reported in this Official Statement (the "Initial Ratings"). Issuance of the Series 2018-B Warrants and the Underwriters' obligations under the 2018-B Delayed Delivery Purchase Agreement are not conditioned upon the assignment of any particular ratings for the Series 2018-B Warrants, or the maintenance of the Initial Ratings, or any of them, respecting the Series 2018-B Warrants through or at the 2018-B Settlement Date.

Secondary Market Risk. The Underwriters are not obligated to make a secondary market in the Series 2018-B Warrants, and no assurance can be given that a secondary market will exist for the Series 2018-B Warrants during or after the 2018-B Delayed Delivery Period. Moreover, the 2018-B Delayed Delivery Contract greatly restricts, and requires prior written consent of the Representative (on behalf of itself and the other Underwriters) to, any sale or transfer by an investor of Series 2018-B Warrants prior to the 2018-B Settlement Date. Purchasers of the Series 2018-B Warrants should assume that the Series 2018-B Warrants will be illiquid throughout the 2018-B Delayed Delivery Period.

Market Value Risk. The market value of the Series 2018-B Warrants as of the 2018-B Settlement Date may be affected by a variety of factors including, without limitation, general market conditions, the ratings then assigned to the Series 2018-B Warrants, the financial condition and business operations of the County and federal income tax and other laws, rules, policies and regulations. The market value of the Series 2018-B Warrants as of the 2018-B Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the Series 2018-B Warrants, and that difference could be substantial. Neither the County nor the Underwriters make any representation as to the expected market price of the Series 2018-B Warrants as of the 2018-B Settlement Date. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market price for the Series 2018-B Warrants as of the 2018-B Settlement Date or thereafter or not have a materially adverse impact on any secondary market for the Series 2018-B Warrants.

Tax Law Risk. Subject to the additional terms and conditions of settlement described above under "Settlement", the 2018-B Delayed Delivery Purchase Agreement obligates the County to deliver, and the Underwriters to acquire, the Series 2018-B Warrants if the County delivers an opinion of Bond Counsel to the County with respect to the Series 2018-B Warrants substantially in the form set forth in Appendix C-2 hereto. During the 2018-B Delayed Delivery Period, new legislation, new court decisions, new regulations, or new rulings may be enacted, promulgated or interpreted that might prevent Bond Counsel to the County from rendering its opinion in the form of Appendix C-2 or otherwise affect the substance of such opinion. Notwithstanding that the enactment of new legislation, new court decisions or the promulgation of new regulations, policies or rulings might diminish the value of, or otherwise affect the exclusion of interest on, the Series 2018-B Warrants for purposes of federal income taxation payable on "state or local bonds," the County might be able to satisfy the requirements for the delivery of the Series 2018-B Warrants if Bond Counsel to the County is able to issue its opinion to the effect that interest on the Series 2018-B Warrants is not subject to any then currently imposed federal income tax and is not included as a specific preference item for purposes of federal individual or corporate alternative minimum taxes, subject to the limitations set forth herein. See "TAX MATTERS" herein. In such event, the purchasers would be required to accept delivery of the Series 2018-B Warrants. Prospective purchasers are encouraged to consult their tax advisors regarding the likelihood of any changes in tax law and the consequences of such changes to such purchasers.

Termination of 2018-B Delayed Delivery Purchase Agreement. The Underwriters may terminate the 2018-B Delayed Delivery Purchase Agreement by notification to the County on or prior to the 2018-B Settlement Date for several reasons. See "Delayed Delivery - *Settlement*" above.

Debt Service Requirements

The following table contains the scheduled debt service requirements on the Series 2018-B Warrants on a fiscal year basis:

Fiscal Year Ending September 30,	Principal Amount	Interest	Total
2019	$ 460,000	$ 720,036	$ 1,180,036
2020	12,885,000	1,317,750	14,202,750
2021	13,470,000	673,500	14,143,500

Redemption Prior to Maturity

The Series 2018-B Warrants are not subject to redemption prior to maturity.

SECURITY AND SOURCE OF PAYMENT

General

The Series 2018 Warrants will be general obligations of the County for payment of the principal of and the interest on which the full faith and credit of the County will be pledged.

Revenues of the County legally available for payment of the principal of and the interest on the Series 2018 Warrants include sales, property, business and other license taxes, revenues from the operation of certain County-owned enterprises and other general revenues of the County. Information describing the taxes collected by the County and certain other revenues of the County is set forth in Appendix A to this Official Statement.

Application of Moneys in Indenture Funds

The Indenture establishes the following funds and accounts:

(1) Series 2018 Debt Service Fund; and
(2) Series 2018 Costs of Issuance Fund.

In the Indenture the County assigns, transfers and pledges to the Holders of Series 2018 Warrants all money and investments from time to time on deposit in the Series 2018 Debt Service Fund and the Series 2018 Costs of Issuance Fund, and any property of every kind or description which may, from time to time, be subjected to the lien of the Indenture as additional security for the Series 2018 Warrants (collectively, the "Trust Estate").

Series 2018 Debt Service Fund. The Trustee is the depository, custodian and disbursing agent of the Series 2018 Debt Service Fund. This fund is part of the Trust Estate. Amounts in the Series 2018 Debt Service Fund are held by the Trustee for the benefit of the Holders of the Series 2018 Warrants. On each Warrant Payment Date, money in the Series 2018 Debt Service Fund shall be applied by the Trustee to pay Debt Service on the Series 2018 Warrants.

Series 2018 Costs of Issuance Fund. The Trustee is the depository, custodian and disbursing agent for the Series 2018 Costs of Issuance Fund. This fund is part of the Trust Estate. Amounts in the Series 2018 Costs of Issuance Fund are held by the Trustee for the benefit of the Holders of the Series 2018 Warrants. Amounts in the Series 2018 Costs of Issuance Fund will be paid out by the Trustee from time to time for the purpose of paying Costs of Issuance with respect to the Series 2018 Warrants. Any amount remaining in the Series 2018 Costs of Issuance Fund after all Costs of Issuance have been paid shall be applied in such manner as the County may direct.

Provisions for Payment

The Series 2018 Warrants shall, prior to the maturity or redemption date thereof, be deemed to have been paid, and the pledge and assignment of the Trust Estate for the benefit of the Series 2018 Warrants shall be terminated, if there shall have been deposited with the Trustee cash and/or Federal Securities which (assuming due and punctual payment of the principal of and interest on such Federal Securities) will provide money sufficient to pay the debt service on such Series 2018 Warrants as the same become due and payable until maturity or redemption, as the case may be. See Appendix D - "FORM OF THE INDENTURE."

PLAN OF REFUNDING

Series 2018-A Warrants

The County intends to use and apply proceeds from the sale of the Series 2018-A Warrants (i) to redeem and retire the Series 2003-A Warrants and the Series 2004-A Warrants and (ii) together with other funds as more particularly described under "SOURCES AND USES OF FUNDS", to cause to be redeemed and retired the 2006 PBA Warrants. The Series 2003-A Warrants, Series 2004-A Warrants and 2006 PBA Warrants are herein referred to collectively as the "2018-A Refunded Obligations."

Upon issuance of the Series 2018-A Warrants, the County shall deposit (i) with U.S. Bank National Association, in its capacity as successor paying agent for the Series 2004-A Warrants and as escrow trustee for the Series 2003-A Warrants, proceeds from the Series 2018-A Warrants sufficient, together with interest earnings on such deposit, to timely pay the redemption price of the Series 2003-A Warrants and the Series 2004-A Warrants on such date as is approximately 30 days following issuance of the Series 2018-A Warrants, and (ii) with First Commercial Bank, in its capacity as trustee for the 2006 PBA Warrants, proceeds from the Series 2018-A Warrants and other amounts sufficient, together with interest earnings on such deposit, to timely pay the redemption price of the 2006 PBA Warrants on such date as is approximately 30 days following issuance of the Series 2018-A Warrants.

Series 2018-B Warrants

Upon issuance of the Series 2018-B Warrants, the County shall deposit with UMB Bank n.a., in its capacity as trustee for the Series 2013-A Warrants and the Series 2013-C Warrants, proceeds from the Series 2018-B Warrants sufficient to timely pay the interest due on the Refunded Series 2013-A Warrants and the Refunded Series 2013-C Warrants on October 1, 2018, and the redemption price of the Refunded Series 2013-A Warrants and the Refunded Series 2013-C Warrants on December 3, 2018. Interest earnings on such proceeds from the date of issuance of the Series 2018-B Warrants pending application to pay interest on, and to redeem and retire, the Refunded Series 2013-A Warrants and the Refunded Series 2013-C Warrants as aforesaid will be deposited into the Debt Service Fund (unless for some reason needed to pay interest on or redeem and retire 2018-B Refunded Obligations). The Refunded Series 2013-A Warrants and the Refunded Series 2013-C Warrants are referred to herein collectively as the "2018-B Refunded Obligations".

Schedule of 2018 Refunded Obligations

A schedule showing the 2018-A Refunded Obligations and the 2018-B Refunded Obligations (together, the "2018 Refunded Obligations") is set forth as Appendix G to this Official Statement

Verification

Series 2018-A Warrants. The adequacy of the cash and maturing principal and interest earned on investments made with proceeds of the Series 2018-A Warrants pending payment of the 2018-A Refunded Obligations as aforesaid and certain other calculations will be verified by The Arbitrage Group, Inc.

Series 2018-B Warrants. Upon the issuance and delivery of the Series 2018-A Warrants, the adequacy of proceeds from the Series 2018-B Warrants to provide for payment of the 2018-B Refunded Obligations as aforesaid at the expected close of the Series 2018-B Warrants and certain other calculations will be verified by The Arbitrage Group, Inc.

SOURCES AND USES OF FUNDS

Series 2018-A Warrants. The proceeds to be derived from the sale of the Series 2018-A Warrants, together with other funds, are expected to be applied substantially as follows:

Sources	
Par amount of Series 2018-A Warrants	$111,360,000.00
Plus Original Issue Premium	11,819,056.60
AMBAC Payment(1)	200,000.00
PBA Indenture Debt Service Reserve Fund(2)	7,362.24
PBA Indenture Debt Service Fund(2)	59,497.95
PBA Indenture Trustee Expense Reserve Fund(2)	349,600.20
Total Sources	**123,795,516.99**
Uses	
Redemption of 2018-A Refunded Obligations	122,869,779.44
Costs of issuance (including underwriters' discount, legal, financial advisory, accounting, and other issuance expenses)	925,737.55
Total Uses	**$123,795,516.99**

(1) The 2006 PBA Warrants were issued with a financial guaranty insurance policy provided by Ambac Assurance ("Ambac"). Under a Stipulation and Agreement Regarding the Settlement and Resolution of Certain Disputes dated November 27, 2012, among the County, Ambac, the County PBA and the 2006 PBA Warrants Trustee, Ambac agreed to contribute up to $200,000 to pay closing costs associated with any full refunding of the 2006 PBA Warrants taking place before December 31, 2020. The County will use this $200,000 for payment of a portion of issuance costs incident to the redemption of the 2006 PBA Warrants.

(2) Consists of amounts on deposit in the PBA Indenture to be used for defeasance of 2006 PBA Warrants.

Series 2018-B Warrants. The proceeds to be derived from the sale of the Series 2018-B Warrants are expected to be applied substantially as follows:

Sources	
Par amount of Series 2018-B Warrants	$26,815,000.00
Plus Original Issue Premium	1,389,515.20
Total Sources	**28,204,515.20**
Uses	
Redemption of 2018-B Refunded Obligations	28,034,498.92
Costs of issuance (including underwriters' discount, legal, financial advisory, accounting and other issuance expenses)	170,016.28
Total Uses	**$28,204,515.20**

BOOK-ENTRY ONLY SYSTEM

The information contained in this section concerning DTC and DTC's book-entry only system has been obtained from materials furnished by DTC. Neither the County, the Underwriters nor the Financial Advisors make any representation or warranty as to the accuracy or completeness of such information.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2018 Warrants. The Series 2018 Warrants will be issued as fully-registered warrants registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. With respect to each series of the Series 2018 Warrants, one fully-registered warrant certificate will be issued for each maturity of such Series 2018 Warrants, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2018 Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2018 Warrants on DTC’s records. The ownership interest of each actual purchaser of each Series 2018 Warrant (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2018 Warrants are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2018 Warrants, except in the event that use of the book-entry system for the Series 2018 Warrants is discontinued.

To facilitate subsequent transfers, all Series 2018 Warrants deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2018 Warrants with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2018 Warrants; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2018 Warrants are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2018 Warrants may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2018 Warrants, such as redemptions, tenders, defaults, and proposed amendments to the Series 2018 Warrant documents. For example, Beneficial Owners of Series 2018 Warrants may wish to ascertain that the nominee holding the Series 2018 Warrants for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2018 Warrants of a single series and maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2018 Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2018 Warrants are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest and the redemption price on the Series 2018 Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2018 Warrants held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest the redemption price to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County and Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2018 Warrants at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2018 Warrant certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Series 2018 Warrant certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

THE COUNTY, THE UNDERWRITERS AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2018 WARRANTS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE SERIES 2018 WARRANTS, (2) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2018 WARRANTS, OR (3) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNERS OF THE SERIES 2018 WARRANTS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC OR DIRECT OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE COUNTY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO SUCH DTC PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE SERIES 2018 WARRANTS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (3) THE PAYMENT BY ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR PREMIUM, IF ANY, ON THE SERIES 2018 WARRANTS; (4) THE DELIVERY BY ANY DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO WARRANTHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2018 WARRANTS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS WARRANTHOLDER.

THE COUNTY, ITS GOVERNMENT AND FINANCIAL SYSTEM

Certain information with respect to the County is attached as Appendix A hereto.

THE UNITED STATES BANKRUPTCY CODE

Under certain conditions, Title 11 of the United States Code, 11 U.S.C. 101 *et seq*. (the "Bankruptcy Code"), permits a municipality to file a petition for relief in federal bankruptcy court to adjust debts under Chapter 9 of the Bankruptcy Code. For purposes of Chapter 9, the County is considered a "municipality" and is permitted to file a petition for relief under Chapter 9. Debt adjustment may include restructuring, reduction or other impairment of debt, subject to various conditions and limitations set forth in the Bankruptcy Code. Section 101 of the Bankruptcy Code defines "municipality" to mean a political subdivision, public agency or instrumentality of a State. To be eligible to file a Chapter 9 bankruptcy petition under Section 109 of the Bankruptcy Code, a municipality must be "specifically authorized, in its capacity as a municipality or by name, to be a debtor under [Chapter 9], or by a governmental officer or organization empowered by State law to authorize such entity to be a debtor under [Chapter 9]." Section 109 of the Bankruptcy Code imposes additional requirements for a municipality to be eligible to file bankruptcy. Without limitation, the municipality must (a) be insolvent (either unable to pay debts as they come due or generally not paying debts as they come due); (b) desire to effect a debt adjustment plan; and (c) meet certain requirements regarding negotiations with creditors (or certain exceptions to such requirements). Alabama law authorizes counties (including the County), cities and certain public authorities to file petitions under the Bankruptcy Code. The other conditions to eligibility are fact-specific to the time of filing the petition.

The approving legal opinions of Bond Counsel to the County will contain the customary reservation that the rights of the holders of the Series 2018 Warrants and the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity. See the proposed forms of approving legal opinion set forth in Appendix C-1 respecting the Series 2018-A Warrants, and in Appendix C-2 respecting the Series 2018-B Warrants.

JEFFERSON COUNTY BANKRUPTCY

General

On November 9, 2011, the County filed a Chapter 9 bankruptcy petition in the United States Bankruptcy Court for the Northern District of Alabama (the "Bankruptcy Court"), thereby commencing case number 11-05736 (the "Bankruptcy Case"). During the Bankruptcy Case, the County proposed the *Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated November 6, 2013)* (the "Plan of Adjustment"), in which the County, among other things, made certain modifications to, and eliminated certain events of default under, the indentures regarding various warrants of the County. On November 22, 2013, the Plan of Adjustment was confirmed by order of the Bankruptcy Court (the "Confirmation Order"). On December 3, 2013, the County proceeded to consummate substantially 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.

Appeal of Confirmation Order

A group of individual sewer ratepayers (the "Plan Appellants") appealed the Confirmation Order to the United States District Court for the Northern District of Alabama (the "District Court"), which appeal remains pending. The Plan Appellants did not seek or obtain any stay of the Confirmation Order pending appeal. Although the precise issues raised and relief sought by the Plan Appellants are unclear and have shifted over time, the County believes that the issues the Plan Appellants seek to pursue on appeal relate to the Plan of Adjustment's treatment of the County's sewer indebtedness, including the terms of the new sewer indebtedness issued under the Plan of Adjustment, the sewer rate structure supporting such indebtedness, and the Bankruptcy Court's retention of continuing jurisdiction over these and related issues.

The County moved to dismiss the Plan Appellants' appeal of the Confirmation Order as constitutionally, statutorily, and equitably moot. The County's motion was denied by the District Court. *See Bennett v. Jefferson*

County, 518 B.R. 613 (N.D. Ala. 2014). The County sought and obtained certification to take an interlocutory appeal of the District Court's decision to the United States Court of Appeals for the Eleventh Circuit (the "Court of Appeals"), which appeal is pending as *Andrew Bennett, et al. v. Jefferson County, Alabama*, Case No. 15-11690 (11th Cir.) (the "Eleventh Circuit Appeal"). In the Eleventh Circuit Appeal, the County maintains that the District Court's order should be reversed and the matter remanded to the District Court with instructions to dismiss the Plan Appellants' appeal of the Confirmation Order. Briefing is complete in the Eleventh Circuit Appeal, and oral argument before the Court of Appeals occurred on December 16, 2016. After oral argument, the Plan Appellants filed a motion to supplement the appellate record, which motion was denied by the Court of Appeals. The Court of Appeals has not yet issued a decision in the Eleventh Circuit Appeal; the timeframe in which any decision will be issued is unknown.

If the Court of Appeals rules in the County's favor in the Eleventh Circuit Appeal, then the County anticipates that the Plan Appellants' appeal of the Confirmation Order will be dismissed, subject to any relief that may be obtained by the Plan Appellants on a petition for rehearing, petition for rehearing *en banc*, or petition for a writ of certiorari to the Supreme Court of the United States.

If the Court of Appeals rules against the County in the Eleventh Circuit Appeal, then the County anticipates the matter would be remanded to the District Court so that the District Court may consider the merits of the Plan Appellants' appeal. Although the County believes that the Plan Appellants' appeal will fail on the merits, it is not possible to predict how the District Court would rule after any further briefing or hearings regarding that appeal. Nor is it possible to predict the outcome in any further appellate proceedings that may occur before the Court of Appeals or the Supreme Court of the United States.

One possible outcome if the Plan Appellants' appeal of the Confirmation Order proceeds and prevails on the merits before all applicable courts is that the Confirmation Order will be vacated in its entirety and the matter will be remanded to the Bankruptcy Court. No prediction can be made regarding all the effects of such a scenario. As noted above, the Plan of Adjustment has become effective and is now fully operative. Although certain series of the Refunded 2018 Obligations were part of the Plan of Adjustment, the issues raised by the Plan Appellants on appeal pertain primarily to the Plan of Adjustment's treatment and restructuring of the County's sewer indebtedness. The Plan Appellants' statement of the issues on appeal are available at <u>http://www.kccllc.net/jeffersoncounty/document/1105736131214000000000001</u>.

Once again, however, because such a scenario would be unprecedented, no definitive conclusions can be reached regarding the ultimate effects on any party if the Confirmation Order were to be vacated in its entirety.

Prior Defaults and Bankruptcy-Related Matters Respecting 2018 Refunded Obligations

Prior to and during the filing of the Bankruptcy Case, the County had payment and other defaults respecting its sewer revenue warrants and various other debt obligations of the County. Certain of those debt obligations <u>not</u> secured by sewer revenues are being refunded by the Series 2018 Warrants, including the Series 2003-A Warrants and the Series 2004 Warrants. Similarly, the County rejected the lease of a facility under which the County's payments were pledged and used to pay debt service on the 2006 PBA Warrants during the lease year then in effect. See Appendix A – "Debt Management - *Limited Tax and Revenue Warrants."* The County also experienced payment and other defaults on debt obligations that, as a result of the Bankruptcy Case, were exchanged for the Series 2013-A Warrants and the Series 2013-C Warrants.

The Series 2003-A Warrants, Series 2004-A Warrants, and 2006 PBA Warrants are part of the Plan of Adjustment.

LITIGATION

Except for the appeal of the County Chapter 9 Confirmation Order described herein under "JEFFERSON COUNTY BANKRUPTCY," there is no litigation pending or, to the knowledge of the County, threatened questioning the validity of the Series 2018 Warrants, the proceedings under which they are to be issued, the security for the Series 2018 Warrants provided by the Indenture, the consummation of the transactions contemplated by the Indenture, the organization of the County, the operations of the County, or the election or qualification of the County's officers.

The County is involved in the litigation described herein under the caption "JEFFERSON COUNTY BANKRUPTCY" and as described in Appendix A hereto under the caption "County Employees and County Employment Decisions." Additionally, the County is involved in the litigation described below. The County has determined that an unfavorable ruling in any of the disclosed litigation below or in Appendix A would not impair the ability of the County to timely pay debt service on the Series 2018 Warrants or to continue the County's operations in the normal course.

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 County 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 County in their lawsuits.

In the State of Alabama's case, the Court of Appeals 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 Court of Appeals, 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 Court of Appeals 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 Court of Appeals 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.

The District Court, on March 29, 2017, held in favor of the State and dismissed CSX's case with prejudice. CSX has appealed this decision, and oral argument was held in October 2017. In March 2018, the Court of Appeals 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. Although the Court of Appeals granted the State's petition for rehearing, in April 2018 it largely upheld its March 2018 opinion with modest revisions. The Court of Appeals remanded the case to the District Court with instructions to enter declaratory and injunctive relief in favor of the rail carrier.

Absent the Court of Appeals granting another rehearing or *en banc* review, or a successful petition for review by the State to the U.S. Supreme Court, it is likely that CSX will prevail in its case against the State in federal court.

Even though the County is not a party to the federal action, the ruling in that case is likely to be applied in the stayed circuit court proceedings against the County because the issues are virtually identical, as are the County's and the State's applicable sales and use tax laws. Accordingly, if CSX is successful in its case against the State, it is likely that the County will receive an adverse outcome with respect to CSX's and BNSF's claims.

Pursuant to court orders entered in the lawsuits prior to the commencement of the Bankruptcy Case, CSX and BNSF had been paying their respective disputed tax obligations into escrow for a period of time. If CSX and BNSF prevail with their respective claims, the escrowed funds would be released back to them, but they would still have claims against the County 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 County'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 $5,000,000 General Unsecured Claims Pool that the County funded in full on the December 3, 2013 Effective Date. The conclusion of this matter is uncertain. The County has accrued an estimated loss related to these cases as of September 30, 2017.

Request for Administrative Claim filed by Norfolk Southern Railway Company. On December 30, 2013, Norfolk Southern Railway Company filed with the Bankruptcy Court a motion for the allowance of an administrative claim against the County in the aggregate amount of $1,630,000. Norfolk Southern's motion seeks a refund of sales taxes paid on the retail sale of diesel fuel to the Commission between the commencement of the Bankruptcy Case and September 30, 2013. The Bankruptcy Court denied Norfolk Southern's motion on June 30, 2015. The County and Norfolk Southern reserved all rights with respect to the allowance of Norfolk Southern's claim against the General Unsecured Claims Pool. If allowed, Norfolk Southern will be entitled only to receive an appropriate pro rata distribution from the $5,000,000 General Unsecured Claims Pool funded by the County on the POA Effective Date pursuant to the Plan of Adjustment. The conclusion of this matter is uncertain.

Phoenix Water Resources, LLC and Heritage Place Church of Christ v. Jefferson County, et al., Case Number 18-00015-CRJ. On December 21, 2017, Phoenix Water Resources, LLC and Heritage Place Church of Christ filed a complaint against the Commission in the Circuit Court of Jefferson County. The Commission removed the complaint to the Bankruptcy Court for the Northern District of Alabama. The complaint alleges that the Commission has improperly denied the plaintiffs' request to allow Heritage Place Church of Christ to disconnect from the Sewer System. Phoenix Water Resources alleges at least $76,000 in damages. The Commission disputes any liability to Phoenix Water Resources and intends to file a motion to dismiss all claims asserted in the complaint. The matter is not yet concluded, and the likely outcome is unknown. There is, thus, a potential for an adverse outcome to the Commission with respect to these claims.

RISK FACTORS

General

An investment in the Series 2018 Warrants involves certain risks that should be carefully considered by investors. In making a decision whether to purchase the Series 2018 Warrants, potential investors should consider certain risks and investment considerations which could affect the ability of the County to pay debt service on the Series 2018 Warrants in a timely manner and which could affect the marketability of or the market price for the Series 2018 Warrants. These risks and investment considerations are discussed throughout this Official Statement. Certain of these risks and investment considerations are set forth in this section for convenience, but this discussion is not intended to be a comprehensive or exhaustive compilation of all possible risks and investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement. Each prospective purchaser of Series 2018 Warrants should read this Official Statement in its entirety, including the appendices hereto, and should consult such prospective purchaser's own investment and/or legal advisor for a more complete explanation of the matters that should be considered when evaluating an investment such as the Series 2018 Warrants. Each prospective purchaser should carefully examine his, her or its own financial condition in order to make a judgment as to his, her or its ability to bear the risk of an investment in the Series 2018 Warrants and whether or not the Series 2018 Warrants are an appropriate investment for them.

Limited Taxing Authority

County governments in the State of Alabama have limited ability to raise revenue on their own. The levy of new taxes or a rate increase for an existing tax generally requires approval of the Alabama Legislature, and the Alabama Legislature has no legal obligation to grant a county commission the authority to levy a new tax or increase the rate of an existing tax even if the county is facing financial difficulties. In addition to approval by the Alabama Legislature, the levy of a new ad valorem tax or an increase in the rate of an existing ad valorem tax by a local government generally requires the approval of the affected taxpayers by referendum. Such requirements would prevent or significantly limit the County's ability to increase tax revenue in response to financial difficulties, including in the event of a lack of sufficient funds to pay debt service on the Series 2018 Warrants or other obligations of the County. There is no provision under Alabama law that would automatically increase, or automatically authorize the County to increase, taxes of any kind in response to, or in order to avoid, a default on the Series 2018 Warrants.

No Mortgage or Security Interest in County Assets or Specific Revenues

The Indenture does not create a mortgage on, or a security interest in, any assets or properties of the County. Further, no specific taxes or other sources of revenue have been pledged as security for the payment of principal of (and premium, if any) or interest on the Series 2018 Warrants.

General Economic and Political Risks

The financial affairs of the County will be affected by, and will be subject to, general economic and political events and conditions that will change in the future to an extent and with effects that cannot be determined at this time. These general economic and political events and conditions include, among other things, population, demographic and employment changes and trends; periods of inflation or deflation; variable patterns of national and regional economic growth, whether cyclical or structural in nature; disruptions in credit and financial markets; political gridlock concerning, among other matters, national tax and spending policies; political developments in the County, the municipalities within the jurisdiction of the County and the State; budget and debt limit controversies, both nationally, at the State level and locally; unusually large numbers of business failures and business and consumer bankruptcies and policy responses, or lack thereof, to the foregoing.

Limitation on Remedies

The remedies available under the Indenture upon the occurrence of an Event of Default are in many respects dependent upon judicial actions, which are often subject to substantial discretion and delay. Remedies available to holders of the Series 2018 Warrants for Events of Default may be limited or restricted by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and general principles of equity, including the exercise of judicial discretion in appropriate cases. It should also be noted that decisions of the Alabama Supreme Court hold that a governmental entity, such as the County, may first use its taxes and other revenues to pay the expenses of providing necessary governmental services before paying debt service on its bonds, warrants or other indebtedness.

Tax-Exempt Status of Series 2018 Warrants

It is expected that the Series 2018 Warrants will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance. See "TAX MATTERS." It is anticipated that Bond Counsel will render an opinion substantially in the form attached hereto as Appendix C-1 (respecting the Series 2018-A Warrants) and Appendix C-2 (respecting the Series 2018-B Warrants), which should be read in their entirety for a complete understanding of the scope of the opinions and the conclusions expressed therein. A legal opinion expresses the professional judgment of the attorney rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

The tax status of the Series 2018 Warrants could be affected by post-issuance events. There are various requirements of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") that must be observed or satisfied after the issuance of the Series 2018 Warrants in order for the Series 2018 Warrants to qualify for, and retain, tax-exempt status. These requirements include appropriate use of the proceeds of the Series 2018 Warrants, use of the facilities financed or refinanced by the Series 2018 Warrants, investment of warrant proceeds, and the rebate of so-called excess arbitrage earnings. Compliance with these requirements is the responsibility of the County. Failure to comply could result in the inclusion of interest on the Series 2018 Warrants in gross income retroactive to the date of issuance of the Series 2018 Warrants.

The Internal Revenue Service ("IRS") conducts an audit program to examine compliance with the requirements regarding tax-exempt status. Under current IRS procedures, in the initial stages of an audit with respect to the Series 2018 Warrants, the County would be treated as the taxpayer, and the owners of the Series 2018 Warrants may have limited rights to participate in the audit process. The initiation of an audit with respect to the Series 2018 Warrants could adversely affect the market value and liquidity of the Series 2018 Warrants, even though no final determination about the tax-exempt status has been made. If an audit results in a final determination that the Series 2018 Warrants do not qualify as tax-exempt obligations, such a determination could be retroactive in effect to the date of issuance of the Series 2018 Warrants.

In addition to post-issuance compliance, a change in law after the date of issuance of the Series 2018 Warrants could affect the tax-exempt status of the Series 2018 Warrants or the economic benefit of investing in the Series 2018 Warrants. For example, the United States Congress could eliminate the exemption for interest on the Series 2018 Warrants, it could reduce or eliminate the federal income tax, or it could adopt a so-called flat tax.

The Indenture does not provide for an increase in the interest rate on, or mandatory redemption of, the Series 2018 Warrants if a determination is made that the Series 2018 Warrants do not comply with the existing requirements of the Internal Revenue Code or if a subsequent change in law adversely affects the tax-exempt status of the Series 2018 Warrants or the economic benefit of investing in the Series 2018 Warrants.

Future Legislation Could Affect Tax-Exempt Obligations

The federal government is considering various proposals to reform the Internal Revenue Code and to reduce federal budget deficits and the amount of federal debt, including proposals that would eliminate or reduce indirect expenditures made through various deductions and exemptions currently allowed by the income tax laws.

The exemption for interest on tax-exempt obligations is one of the indirect expenditures that could be affected by such an initiative. Some deficit-reduction proposals would completely eliminate the exemption for interest on all tax-exempt obligations. Other proposals would place an aggregate cap on the total amount of exemptions and deductions that may be claimed by a taxpayer, or a cap on the exemption for interest on all tax-exempt obligations. Some proposals would limit the benefit of the exemption for interest on tax-exempt obligations for taxpayers with incomes above certain thresholds. Changes in the rate of the federal income tax, including so-called "flat tax" proposals, could also reduce the value of the exemption. Such legislative proposals, if enacted into law, could prevent the holders of the Series 2018 Warrants from realizing the full benefit of the tax status of interest on the Series 2018 Warrants under current federal tax law. The introduction or enactment of any such legislative proposal may also affect the market price for, or the marketability of, the Series 2018 Warrants.

Changes affecting the exemption for interest on tax-exempt warrants, if enacted, could apply to tax-exempt obligations already outstanding, including the Series 2018 Warrants, as well as obligations issued after the effective date of such legislation. It is not possible to predict whether Congress will adopt legislation affecting the exemption for tax-exempt warrants, what the provisions of such legislation may be, whether any such legislation will be retroactive in effect, or what effect any such legislation may have on investors in the Series 2018 Warrants. Investors should consult their own tax advisers about the prospects and possible results of future legislation that could affect the exemption for interest on tax-exempt obligations.

Lack of Liquidity for the Series 2018 Warrants

The County cannot assure potential investors that an active secondary market for the Series 2018 Warrants will exist. Moreover, even if an active secondary market for the Series 2018 Warrants does exist, depending on prevailing interest rates and market conditions generally, the Series 2018 Warrants could trade at a discount from their par amount. Holders of the Series 2018 Warrants may not be able to sell their Series 2018 Warrants in the future or such sale may not be at a price equal to or greater than the par amount of the Series 2018 Warrants. As a result, Holders of the Series 2018 Warrants may not be able to liquidate their investment quickly, at an attractive price or at all. See also "Ratings" immediately below for information regarding possible consequences of the ratings on the liquidity of the Series 2018 Warrants.

Delayed Delivery of the Series 2018-B Warrants

The extensive delay in issuance and delivery of the Series 2018-B Warrants following the sale date thereof presents special risks to investors in such securities. See "THE SERIES 2018-B WARRANTS – Certain Risks Related to Delayed Delivery of the Series 2018-B Warrants" herein for a description of certain of these risks.

Ratings

No assurance can be given that the ratings for the Series 2018-B Warrants on the 2018-B Settlement Date will not be different or lower than those shown under "RATINGS" herein. A rating downgrade following the 2018-B Pre-Closing Date does not terminate the 2018-B Delayed Delivery Purchase Agreement or release the Underwriters from their obligations to purchase the Series 2018-B Warrants. Additionally, a rating downgrade does not release an investor in the Series 2018-B Warrants from its obligation to purchase and acquire the same under its 2018-B Delayed Delivery Contract. Without regard to the level of such ratings, letters of confirmation of such ratings shall be made available at the 2018-B Settlement Date; provided, however, if one or more of the agencies identified under "RATINGS" herein no longer provides ratings on municipal securities at the time of the 2018-B Settlement Date, then this requirement shall be waived with respect to such rating agency at the 2018-B Settlement Date.

No assurance can be given that the ratings assigned to the Series 2018 Warrants at the time of issuance will continue for any given period of time after their issuance, and the County makes no representations regarding the future ratings assigned to the Series 2018 Warrants. Further, there is no assurance that the ratings assigned to the Series 2018 Warrants will not be lowered or withdrawn at any time, which could adversely affect the market price for and liquidity of the Series 2018 Warrants.

Due to ongoing uncertainty regarding the economy of the United States of America, including, without limitation, future political uncertainty regarding limitations on the borrowing capacity of the United States, state and local government obligations such as the Series 2018 Warrants could be subject to rating downgrades. Additionally, if a default or other significant financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and ratings, liquidity, and market value of, outstanding debt obligations, including the Series 2018 Warrants.

LEGAL MATTERS

All legal matters incidental to the authorization and issuance of the Series 2018 Warrants by the County are subject to the approval of Balch & Bingham LLP, Birmingham, Alabama, Bond Counsel to the County, whose approving opinion is expected to be delivered with the Series 2018-A Warrants in substantially the form attached hereto as Appendix C-1, and whose approving opinion is expected to be delivered with the Series 2018-B Warrants in substantially the form attached hereto as Appendix C-2. Certain legal matters will be passed upon by Bradley Arant Boult Cummings LLP, Birmingham, Alabama, Disclosure Counsel to the County. Certain legal matters will be passed upon for the Underwriters by their counsel, Waldrep, Stewart & Kendrick, LLC, Birmingham, Alabama.

The various legal opinions to be delivered concurrently with the delivery of the Series 2018 Warrants express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Under existing law, the tax status of the Series 2018 Warrants will include the following characteristics:

Federal Tax-Exempt Status of Series 2018 Warrants

Interest on the Series 2018 Warrants will be excluded from gross income for federal income tax purposes if the County complies with all requirements of the Internal Revenue Code that must be satisfied subsequent to the issuance of the Series 2018 Warrants in order that interest thereon be and remain excluded from gross income. Failure to comply with such requirements could cause the interest on the Series 2018 Warrants to be included in gross income, retroactive to the date of issuance of such Series 2018 Warrants. The County has covenanted to comply with all such requirements.

Federal Tax Preference Treatment

Interest on the Series 2018 Warrants will not be included in computing the federal alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. For taxable years that began before January 1, 2018, interest on the Series 2018 Warrants owned by a corporation will be included in such corporation's adjusted current earnings for purposes of computing the federal alternative minimum tax on such corporation, other than an S corporation, a regulated investment company, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust. The federal alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

State of Alabama Tax-Exempt Status

Interest on the Series 2018 Warrants will be exempt from State of Alabama income taxation.

Certain Collateral Federal Tax Consequences

Investors and prospective investors of the Series 2018 Warrants should be aware that the ownership of the Series 2018 Warrants may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, certain S corporations with "excessive net passive income," foreign corporations subject to a branch profits tax, other foreign persons and organizations, life insurance companies, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry the Series 2018 Warrants. Prospective purchasers of the Series 2018 Warrants should consult their tax advisors as to whether the collateral tax consequences described in this paragraph or other tax consequences may be applicable to their financial situation.

Information Reporting and Backup

In addition to other types of income, information reporting requirements apply to interest on tax-exempt obligations, including the Series 2018 Warrants. In general, such requirements are satisfied if the recipient of payments of interest provides the payor with a completed IRS Form W-9, "Request for Taxpayer Identification Number and Certification," or if such recipient is one of a limited class of persons exempt from information reporting. Foreign persons and organizations and other non-U.S. holders may be asked or required to provide an appropriate completed IRS Form W-8 in lieu of Form W-9 in order to establish their U.S. tax status. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from each interest payment received, calculated in the manner set forth in the Internal Revenue Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient, such as a broker-dealer or bank.

If a prospective purchaser considering buying a Series 2018 Warrant through a brokerage account has executed a Form W-9 (or Form W-8 where appropriate) in connection with the establishment of such account, as generally can be expected, no backup withholding should occur, unless such prospective purchaser is for another reason, subject to backup withholding. Whether or not a prospective purchaser is subject to backup withholding does not affect the exclusion of interest on the Series 2018 Warrants from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service. Prospective purchasers of the Series 2018 Warrants should consult their tax advisors as to whether backup withholding may be applicable to their financial situation.

Original Issue Discount

Under existing law, the original issue discount in the selling price of a Series 2018 Warrant, to the extent properly allocable to each holder of such Series 2018 Warrant, is excludable from gross income for federal income tax purposes with respect to such holder. The original issue discount is the excess of the stated redemption price at maturity of such Series 2018 Warrant over its initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of the Series 2018 Warrants of such maturity were sold.

Under Section 1288 of the Internal Revenue Code, original issue discount on tax-exempt warrants accrues on a compound basis. The amount of original issue discount that accrues to a holder of a Series 2018 Warrant during any accrual period generally equals (i) the issue price of such Series 2018 Warrant plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Series 2018 Warrant (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (iii) any interest payable on such Series 2018 Warrant during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the holder's tax basis in such Series 2018 Warrant. Purchasers of any Series 2018 Warrant at an original issue discount should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes, and with respect to state and local tax consequences of owning such Series 2018 Warrant.

Original Issue Premium

An amount equal to the excess of the purchase price of a Series 2018 Warrant over its stated redemption price at maturity constitutes premium on such Series 2018 Warrant. A purchaser of a Series 2018 Warrant must amortize any premium over such Series 2018 Warrant's term using constant yield principles, based on the Warrant's yield to maturity. As premium is amortized, the purchaser's basis in such Series 2018 Warrant and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such Series 2018 Warrant prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Series 2018 Warrants at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Series 2018 Warrants.

No Bank Qualification

Any financial institution purchasing any of the Series 2018 Warrants should note that such obligations will not qualify as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code with respect to the deduction of interest costs attributable to carrying or purchasing the Series 2018Warrants.

Other Considerations

The foregoing discussion does not address the effects of any applicable federal income, state, local or foreign tax laws other than those specifically discussed above. Prospective purchasers are urged to consult their own tax adviser concerning the federal income tax consequences of owning and disposing of the Series 2018 Warrants, as well as any consequences under the laws of any state, local or foreign taxing jurisdiction. See "RISK FACTORS—Tax-Exempt Status of the Series 2018 Warrants" and "RISK FACTORS—Future Legislation Could Affect Tax-Exempt Obligations" herein for a discussion of certain risk factors relating to investment in the Series 2018 Warrants.

FINANCIAL ADVISORS

Public Resources Advisory Group and Terminus Municipal Advisors, LLC, are serving as Co-Financial Advisors (the "Financial Advisors") to the County with respect to the sale of the Series 2018 Warrants. The Financial Advisors assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Series 2018 Warrants and provided other advice. The Financial Advisors do not guaranty the accuracy or completeness of the information in this Official Statement.

Public Resources Advisory Group is an independent financial and investment advisor, based in New York, New York, and Terminus Municipal Advisors, LLC, is an independent financial and investment advisor, based in Atlanta, Georgia. Both are regularly engaged in the business of providing financial advisory services. The Financial Advisors did not participate in underwriting any of the Series 2018 Warrants.

UNDERWRITING

The Series 2018-A Warrants are being purchased from the County by Raymond James & Associates, Inc. (the "Representative"), on its behalf and as representative of the other underwriters identified on the cover page of this Official Statement (collectively with the Representative, the "Underwriters"). The Underwriters have agreed to purchase the Series 2018-A Warrants for an aggregate purchase price of $122,874,964.60 (which represents the face amount of the Series 2018-A Warrants, less an underwriters' discount of $304,092.00, plus original issue premium of $11,819,056.60). The initial public offering price for the Series 2018-A Warrants set forth on the inside cover page may be changed by the Underwriters, and the Underwriters may offer and sell the Series 2018-A Warrants to certain dealers (including dealers depositing the Series 2018-A Warrants into investment trusts) and others at prices lower than the offering price set forth on the inside cover page. The Underwriters will purchase all the Series 2018-A Warrants if any are purchased.

The Series 2018-B Warrants are being purchased from the County by the Representative, on its behalf and as representative of the other Underwriters. The Underwriters have agreed to purchase the Series 2018-B Warrants for an aggregate purchase price of $28,132,963.45 (which represents the face amount of the Series 2018-B Warrants, less an underwriters' discount of $71,551.75, plus original issue premium of $1,389,515.20). The initial public offering price for the Series 2018-B Warrants set forth on the inside cover page may be changed by the Underwriters, and the Underwriters may offer and sell the Series 2018-B Warrants to certain dealers (including dealers depositing the Series 2018-B Warrants into investment trusts) and others at prices lower than the offering price set forth on the inside cover page. The Underwriters will purchase all the Series 2018-B Warrants if any are purchased.

CONTINUING DISCLOSURE

Upon issuance of the Series 2018-A Warrants, and at the time of the 2018-B Settlement Date, the County will enter into a Disclosure Dissemination Agent Agreement (the "Continuing Disclosure Agreement") with Digital Assurance Certification, L.L.C. ("DAC"), pursuant to which the County will covenant for the benefit of the beneficial owners of the Series 2018-A Warrants and the Series 2018-B Warrants, respectively, to provide, on an annual basis, certain financial information and operating data relating to the County, and to provide notices of certain enumerated events, through the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board (the "MSRB") (or such other system as may be subsequently authorized by the MSRB). The form of Continuing Disclosure Agreement is attached as Appendix E hereto. A failure by the County to comply with the Continuing Disclosure Agreement must be reported in accordance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission of the United States of America and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2018 Warrants in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2018 Warrants and their market price.

Compliance with Prior Continuing Disclosure Undertakings

As more particularly described in this Official Statement under "JEFFERSON COUNTY BANKRUPTCY," the County's Bankruptcy Case commenced on November 9, 2011, when the County filed a petition for relief under Chapter 9 of the United States Bankruptcy Code with the Bankruptcy Court. The pendency of the Bankruptcy Case and the County's subsequent emergence from Chapter 9 on December 3, 2013 occurred within the previous five years. During the Bankruptcy Case, the County was required to remit all revenues generated by its Sewer System to the trustee for the Sewer Warrants (the "Sewer Warrant Trustee") for payment of debt service on the then-outstanding sewer revenue warrants (the "Sewer Warrants"). Due to debt service acceleration of certain variable rate series of Sewer Warrants pursuant to related liquidity agreements, debt service was not timely paid on such Sewer Warrants. In February 2013, the Sewer Warrant Trustee notified holders of the Sewer Warrants that the Sewer Warrant Trustee had determined to suspend payment of debt service on the Sewer Warrants altogether, as well as suspend any draws on insurance policies securing the Sewer Warrants. Pursuant to the County's Sewer Warrant continuing disclosure undertakings, the County filed material event notices of the aforementioned payment defaults as well as the February 2013 suspension of debt service payments by the Sewer Warrant Trustee on EMMA. From time to time during the pendency of the Bankruptcy Case and pursuant to its continuing disclosure undertakings, the County filed additional material event notices on EMMA respecting other material events in relation to its Sewer Warrants and other outstanding obligations, although it is possible that the County may not have provided notice for each material event relating to its Sewer Warrants and other outstanding obligations.

At the time of filing its annual report for the fiscal year ended September 30, 2017, the County did not have available certain ad valorem tax information for that fiscal year. This missing information was noted in the County's initial annual report filing, which was subsequently amended to include the missing information on April 17, 2018. Accordingly, the County was late in filing this information by approximately 18 days.

On May 3, 2018, the underlying rating assigned to the Series 2013-A Warrants, Series 2013-C Warrants and the County's Limited Obligation Refunding Warrants, Series 2017, by Fitch Ratings, Inc., was upgraded from "A" to "AA-". The County's Issuer Default Rating was also upgraded from "A" to "AA-". The County was late in filing notice of these upgrades on EMMA by approximately two business days.

RATINGS

Moody's Investors Service ("Moody's"), S&P Global Ratings ("S&P"), and Fitch Ratings ("Fitch") have assigned ratings of "A3", "AA-", and "AA-", respectively, to the Series 2018 Warrants. Any explanation of the significance of a rating must be obtained from the applicable rating agency. A rating is not a recommendation to buy, sell or hold the Series 2018 Warrants and should be evaluated independently. There is no assurance that such ratings will remain in effect for any given period of time or will not be lowered or withdrawn entirely, if, in the judgment of the applicable rating agency, circumstances should warrant such action. Any such downward revision or withdrawal of any rating assigned to the Series 2018 Warrants could have an adverse effect on the market price thereof. Neither the County, the Financial Advisors, nor the Underwriters takes or is undertaking to take any responsibility after the issuance of the Series 2018 Warrants to assure maintenance of the ratings or to oppose any such revision or withdrawal.

See "RISK FACTORS - Ratings" herein for a discussion of certain risk factors relating to investment in the Series 2018 Warrants.

FINANCIAL STATEMENTS

The audited financial statements of the County as of and for the fiscal year ended September 30, 2017, attached as Appendix B hereto, have been audited by Warren Averett, LLC, independent auditors, as set forth in their report attached as Appendix B. Warren Averett, LLC has not been engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in that report. Likewise, Warren Averett, LLC has not performed any procedures relating to this Official Statement. The County's audited financial statements have been included for general information purposes only.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Series 2018 Warrants.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The information in this Official Statement has been obtained from sources which are considered dependable and which are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County.

The Series 2018 Warrants will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement.

Any information or expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the County since the date hereof.

Insofar as any statements are made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. This Official Statement should not be construed as a contract with holders of any of the Series 2018 Warrants.

This Official Statement is being provided to prospective purchasers either in bound printed format or in electronic format. This Official Statement may be relied upon only if it is in its bound printed format or as printed in its entirety in such electronic format.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

ADDITIONAL INFORMATION

For further information during the initial offering period with respect to the Series 2018 Warrants, contact John S. Henry, Chief Financial Officer, Jefferson County Commission, 716 Richard Arrington Blvd. North, Birmingham, Alabama 35203, telephone (205) 325-5762.

This Official Statement has been approved by the governing body of the County.

JEFFERSON COUNTY, ALABAMA

By: /s/ Jimmie Stephens
President of the
Jefferson County Commission

APPENDIX A

INFORMATION RESPECTING JEFFERSON COUNTY

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APPENDIX A

INFORMATION RESPECTING JEFFERSON COUNTY, ALABAMA

General

The County is a political subdivision of the State of Alabama ("Alabama" or the "State") that was created by the legislative branch of the state government of Alabama (the "Alabama Legislature") on December 13, 1819. The County is located in the north-central portion of the State, on the southern extension of the Appalachian Mountains, in the center of the iron, coal, and limestone belt of the South. The County is approximately 1,047 square miles in size.

The County is Alabama's most populous county and is the principal center of finance, trade, manufacturing, transportation, health care and education in the State of Alabama (the "State"). Birmingham, the State's largest city and the county seat, and 43 other incorporated and unincorporated cities and towns, are located within the County. Since 2003, the Birmingham Metropolitan Statistical Area (officially designated the "Birmingham-Hoover MSA" by the federal Office of Management and Budget)[1] has included Bibb, Blount, Chilton, Jefferson, Shelby, St. Clair and Walker Counties and covers approximately 5,332 square miles.[2]

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 and elsewhere in the State, as several auto assembly plants and related suppliers have established businesses in North and Central Alabama in the past two decades. The County is strategically located at the center of many of these facilities, making it a great site for suppliers of all types of industries.

Mercedes-Benz, Honda and Hyundai have major automobile assembly facilities within an eighty-five mile radius of the County. Earlier this year, Toyota Motor Corporation and Mazda Motor Corporation announced their decision to locate a $1.6 billion automobile manufacturing facility approximately 90 miles North of the County in Huntsville, Alabama. Volkswagen operates a major manufacturing facility towards the Northeast of the County in Chattanooga, Tennessee. Similarly, Airbus operates a major aircraft manufacturing facility in Mobile, Alabama, located approximately 250 miles South of the County (which facility is to be expanded to accommodate a recently announced a partnership between Airbus and Bombardier USA for the production of a new "C Series" aircraft at that facility).

In September 2017, Autocar, LLC ("Autocar"), one of the oldest truck manufacturers in the nation, announced its intention to undertake a $120 million automotive assembly plant in the City of Center Point, Alabama (located within the County) that is expected to create approximately 750 new jobs. Autocar began producing automotive vehicles in or around September 2017 at the site in Center Point.

The healthcare sector has become a primary driver of economic activity in the Birmingham-Hoover MSA, and is anchored by the University of Alabama School of Medicine, which is ranked among the top three medical schools in the Southeast in allocations from the National Institutes of Health ("NIH").[3]

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).

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[1] The Birmingham Standard Metropolitan Statistical Area (SMSA) was established in 1967, and originally included Jefferson, Shelby and Walker Counties. St. Clair County was added to the SMSA in 1973. Blount County was added in 1983, at which time the official federal government designation became the Birmingham Metropolitan Statistical Area (MSA). Walker County was removed from the Birmingham MSA in 1993. Bibb, Chilton and Walker Counties were added in 2003, at which time the official federal government designation became the Birmingham-Hoover MSA.

[2] Source: National Telecommunications and Information Administration State Broadband Initiative

[3] Source: NIH, NIH Awards by Location

Demographic Information

The City of Birmingham has served as the county seat of the County since 1873, and the County continues to maintain its primary offices and courthouse in Birmingham. Pursuant to acts passed in the early 1900s, the Alabama Legislature assigned certain obligations to the County with regard to the maintenance of an additional courthouse and other County offices in a region of the County commonly known as the "Bessemer Cutoff." That term references the City of Bessemer, the largest city in the Bessemer Cutoff, which, as of 2016, had a population of approximately 26,511 people.

Cities and Towns

The City of Birmingham, with an estimated population of 212,157 in 2016, is the largest city in the County and remains the largest city in the State. Though Birmingham has decreased considerably from its population of 348,500 in 1960, that rate of decline has slowed in recent years. From 2010 to 2016, Birmingham's population is estimated to have decreased by 0.02%.

The City of Hoover, the sixth largest city in the State, is located primarily within the County, with approximately 72.5% of its citizens residing within the County and the remainder living in Shelby County. Hoover had an estimated population of 84,978 in 2016. From 2010 to 2016, Hoover's population is estimated to have increased by 4.9%.

Other incorporated cities and towns located within the County (either wholly or in part) include Adamsville, Adger, Argo, Bessemer, Brighton, Brookside, Cardiff, Center Point, Clay, Fairfield, Fultondale, Gardendale, Graysville, Homewood, Hueytown, Irondale, Kimberly, Leeds, Lipscomb, Maytown, Midfield, Morris, Mountain Brook, Mulga, North Johns, Pinson, Pleasant Grove, Sylvan Springs, Tarrant, Trafford, Trussville, Vestavia Hills, Warrior, and West Jefferson. The County is also home to numerous unincorporated communities.

Population

The County is the center of the seven-county Birmingham-Hoover MSA. The Birmingham-Hoover MSA had an estimated population of 1,147,417 as of July 1, 2016, and was the 49th most populous area among the 382 Metropolitan Statistical Areas in the United States, according to figures from the U.S. Census Bureau.

As reflected in the table below, during the period from 2001 to 2016, the population of the County decreased by approximately 0.17%, compared to population increases of approximately 8.3% for the Birmingham-Hoover MSA, 8.4% for the State, and 13.5% for the United States, during the same time frame.

15-YEAR POPULATION TRENDS

Year	Jefferson County	Birmingham-Hoover MSA	State of Alabama	United States
2001	660,197	1,059,082	4,467,634	284,968,955
2002	657,518	1,062,966	4,480,089	287,625,193
2003	657,513	1,070,886	4,503,491	290,107,933
2004	656,023	1,078,204	4,530,729	292,805,298
2005	654,919	1,086,318	4,569,805	295,516,599
2006	655,893	1,098,818	4,628,981	298,379,912
2007	655,163	1,107,256	4,672,840	301,231,207
2008	656,510	1,117,101	4,718,206	304,093,966
2009	658,441	1,125,271	4,757,938	306,771,529
2010	658,116	1,128,879	4,785,161	309,346,863
2011	657,779	1,130,905	4,801,108	311,718,857
2012	657,704	1,133,993	4,816,089	314,102,623

2013	658,913	1,139,018	4,830,533	316,427,395
2014	660,368	1,142,823	4,846,411	318,907,401
2015	660,367	1,145,647	4,858,979	321,418,820
2016	659,096	1,147,417	4,841,164	323,405,935

Source: U.S. Census Bureau

Housing and Construction

The following tables contain information about housing units and households in the State, the Birmingham-Hoover MSA, and the County:

HOUSING UNITS

	Housing Units			Percent Change	
	2000	2010	2016	2000-2010	2010-2016
State of Alabama	1,963,711	2,171,853	2,209,335	10.6%	1.7%
Birmingham-Hoover MSA	395,295	500,025	513,842	26.5	2.8
Jefferson County	288,162	300,552	305,262	4.3	1.6

Source: U.S. Census Bureau, American Fact Finder

CHARACTERISTICS OF HOUSING UNITS, 2016

	Total Housing Units	Total	Occupied Owner	Renter
State of Alabama	2,209,335	1,851,061	1,267,824	583,237
Birmingham-Hoover MSA	513,842	438,479	304,437	134,042
Jefferson County	305,262	261,773	164,876	96,897

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

AVERAGE VALUE OF OWNER-OCCUPIED HOUSING UNITS
2016

Alabama	$ 128,500
Birmingham-Hoover MSA.	$ 154,000
Jefferson County	$ 152,000

Source: U.S. Census Bureau, 2016 American Community Survey 1-Year Estimates

Construction activity data is not available on a county-by-county basis in Alabama. The following table presents information about the value of residential and non-residential construction in the Birmingham-Hoover MSA over the past ten years, as well as projections of such data for 2018:

CONSTRUCTION VALUE
BIRMINGHAM-HOOVER MSA

Year	Residential	Non-Residential	Total
2008	$ 611,267,000	$ 889,578,000	$ 1,500,845,000
2009	453,241,000	1,064,476,000	1,517,717,000
2010	497,674,000	508,448,000	1,006,122,000
2011	477,699,000	631,306,000	1,109,005,000
2012	589,640,000	356,266,000	945,906,000

2013	685,554,000	451,635,000	1,137,189,000
2014	762,803,000	473,220,000	1,236,023,000
2015	799,561,000	456,581,000	1,256,142,000
2016	875,698,000	694,770,000	1,570,468,000
2017	830,766,000	430,224,000	1,260,990,000
2018[1]	723,793,000	419,691,000	1,143,484,000

[1] 2018 Projection (based on data available as of March 31, 2018)
Source: Dodge Data & Analytics, Research and Analytics.

Residential building permits issued in the County have averaged just over 2,000 per year since 2007, with an estimated 1,985 issued in 2016. The following table sets forth the number of units permitted each year from 2007 to 2016:

RESIDENTIAL BUILDING PERMITS
JEFFERSON COUNTY

Year	Units
2007	2,991
2008	2,339
2009	1,034
2010	1,277
2011	1,718
2012	2,330
2013	1,819
2014	2,280
2015	2,477
2016	1,985*

Source: U.S. Census Bureau, Building Permit Estimates
* 2016 data is subject to change. Final data for 2016 is not available at this time.

Healthcare and Technology

Numerous hospitals and specialized health care facilities are located in the County. The University of Alabama at Birmingham (“UAB”), the area’s largest employer, is home to a world-class patient care and research medical center. The Kirklin Clinic, opened in June 1992 by the University of Alabama Health Services Foundation, houses over 600 physicians in 35 specialties and services more than 2,000 patients daily from throughout the State and the Southeast. Children’s Hospital of Alabama has been ranked by U.S. News & World Report magazine among the nation’s best children’s hospitals for at least the past five years.

Birmingham is Alabama’s center for advanced technology, with high-technology firms involved in industries such as telecommunications, engineering, aerospace design and computer services, in addition to health care. Southern Research Institute, located in Birmingham’s Oxmoor Valley Mixed-Use Development, is the largest nonprofit independent research laboratory located in the Southeast. In 2017, the NIH reported that UAB received $244,213,416 in NIH funding, ranking 26th among institutions nationally.

Employment

According to preliminary data provided by the Alabama Department of Labor, the County’s civilian labor force totaled 306,818 as of January, 2018. Of those persons, 294,964 were employed and 11,854 were unemployed, reflecting an unemployment rate for the County of 3.9%.

The following tables summarize the labor force, employment, and unemployment figures for the period indicated for the County, the Birmingham-Hoover MSA, the State, and the United States.

ANNUAL AVERAGE LABOR FORCE ESTIMATES
JEFFERSON COUNTY

Employment Status	2010	2011	2012	2013	2014	2015	2016	2017	2018[2]
Civilian Labor Force	304,414	307,055	316,511	315,405	312,247	310,883	311,128	309,075	306,808
Employment	276,382	281,342	293,020	294,426	292,621	292,958	293,251	295,969	294,964
Unemployment	28,032	25,713	23,491	20,979	19,626	17,925	17,877	13,106	11,854
Rate[1]	9.2	8.4	7.4	6.7	6.3	5.8	5.7	4.2	3.9

[1] Expressed as a percentage.
[2] Estimate. As of January, 2018.
Estimates prepared by the Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2017 benchmark.
Source: Alabama Department of Labor, Bureau of Labor Statistics

AVERAGE ANNUAL LABOR FORCE ESTIMATES
BIRMINGHAM-HOOVER MSA

Employment Status	2010	2011	2012	2013	2014	2015	2016	2017	2018[2]
Civilian Labor Force	526,394	532,668	540,199	540,559	535,977	535,390	537,679	534,615	530,331
Employment	480,212	490,496	502,457	506,502	503,969	506,078	508,207	513,042	510,769
Unemployment	46,182	42,172	37,742	34,057	32,008	29,312	29,472	21,573	19,562
Rate[1]	8.8	7.9	7.0	6.3	6.0	5.5	5.5	4.0	3.7

[1] Expressed as a percentage.
[2] Estimate. As of January, 2018.
Estimates prepared by the Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2017 benchmark.
Source: Alabama Department of Labor, Bureau of Labor Statistics

ANNUAL AVERAGE LABOR FORCE ESTIMATES
STATE OF ALABAMA

Employment Status	2012	2013	2014	2015	2016	2017	2018[2]
Civilian Labor Force	2,176,337	2,174,000	2,161,618	2,157,376	2,173,175	2,168,444	2,140,002
Employment	2,003,290	2,017,043	2,015,087	2,025,949	2,045,624	2,073,106	2,051,214
Unemployment	173,047	156,957	146,531	131,427	127,551	95,338	88,788
Rate[1]	8.0	7.2	6.8	6.1	5.9	4.4	4.1

[1] Expressed as a percentage.
[2] Estimate. As of January, 2018.
Estimates prepared by the Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2017 benchmark.
Source: Alabama Department of Labor, Bureau of Labor Statistics

ANNUAL AVERAGE LABOR FORCE ESTIMATES
UNITED STATES

Employment Status	2012	2013	2014	2015	2016	2017	2018[2]
Civilian Labor Force	154,975,000	156,389,000	155,922,000	157,130,000	159,187,000	160,319,667	160,037,000
Employment	142,469,000	143,929,000	146,305,000	148,833,000	151,436,000	153,337,417	152,848,000
Unemployment	12,506,000	11,460,000	9,616,000	8,296,000	7,751,000	6,982,250	7,189,000
Rate[1]	8.1	7.4	6.2	5.3	4.9	4.4	4.5

[1] Expressed as a percentage.
[2] Estimate. As of January, 2018.
Estimates prepared by the Alabama Department of Labor in cooperation with the Bureau of Labor Statistics, based on 2017 benchmark.
Source: Alabama Department of Labor, Bureau of Labor Statistics

Industries and Employers

According to the Alabama Department of Labor, the region's workforce is employed within the following occupational categories:

JOBS BY NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM INDUSTRY ("NAICS")
BIRMINGHAM-HOOVER MSA

	2012		2013		2014		2015		2016	
NAICS Industry	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
Agriculture, Forestry, Fishing and Hunting	879	0.2%	941	0.2%	927	0.2%	958	0.2%	969	0.2%
Utilities	9,097	1.9	8,733	1.9	9,055	1.9	9,432	2.0	9,398	1.9
Construction	24,597	5.2	24,635	5.3	24,834	5.1	25,116	5.2	25,243	5.2
Manufacturing	37,098	7.9	37,793	8.0	38,386	8.0	38,080	7.9	37,512	7.7
Wholesale Trade	28,537	6.0	28,884	6.1	29,141	6.0	28,712	6.0	28,783	5.9
Retail Trade	61,927	13.2	61,722	13.1	62,976	13.1	64,180	13.3	64,740	13.3
Transportation and Warehousing	13,775	2.9	14,123	3.0	14,446	3.0	14,965	3.1	15,286	3.1
Information	9,669	2.0	9,748	2.1	9,360	2.0	9,202	1.9	8,967	1.8
Finance and Insurance	36,168	7.7	36,806	7.8	38,038	7.9	37,727	7.8	37,459	7.7
Real Estate and Rental and Leasing	6,764	1.4	6,902	1.5	6,966	1.4	7,078	1.5	7,343	1.5
Professional, Scientific, and Technical Services	28,063	6.0	26,465	5.6	26,641	5.5	27,156	5.6	27,697	5.7
Administration & Support, Waste Management and Remediation	27,990	6.0	28,565	6.1	29,371	6.1	30,678	6.3	30,672	6.3
Educational Services	39,815	8.5	39,504	8.4	38,689	8.0	38,427	8.0	39,009	8.1

Health Care and Social Assistance	65,830	14.0	70,747	15.1	71,530	15.8	72,868	15.1	73,409	15.1
Arts, Entertainment, and Recreation	5,475	0.9			6,068	1.3				
Accommodation and Food Services	39,656	8.5	40,843	8.7	42,520	8.8	44,155	9.2	45,472	9.4
Other Services (excluding Public Administration)	14,330	3.0	14,383	3.1	14,286	3.0	14,418	3.0	14,595	3.0
Public Administration	19,723	4.2	19,250	4.1	19,083	4.0	19,071	4.0	19,244	4.0

Source: Alabama Department of Labor, Longitudinal Employer Household Dynamics Partnership between Alabama Department of Labor, Labor Market Information and the U.S. Census Bureau, On the Map Application.

Numerous governmental entities and private companies are major employers within the County. The following table lists the largest employers in the Birmingham-Hoover MSA and their approximate number of employees as of 2017:

LARGEST EMPLOYERS
BIRMINGHAM-HOOVER MSA

Company	Employment	Product	Type of Presence
University of Alabama at Birmingham (includes University of Alabama Health Services Foundation)	23,000	Education and Healthcare Services	Headquarters
Regions Financial Corporation	9,000	Financial Services (Banking)	Headquarters
St. Vincent's Health System	5,100	Healthcare and Management Services	Headquarters
Children's Health System/Children's of Alabama	5,000	Healthcare and Management Services	Headquarters
AT&T	4,517	Information	Major Operations
Brookwood Baptist Health	4,459	Healthcare and Management Services	Headquarters
Jefferson County Board of Education	4,400	Government, Public Education	Headquarters
City of Birmingham	4,200	Government, City Administration	Headquarters
Blue Cross-Blue Shield of Alabama	3,100	Financial Services (Insurance)	Headquarters
Alabama Power Company	3,092	Utility	Headquarters
Birmingham Board of Education	2,721	Government, Public Education	Headquarters
Jefferson County Commission	2,500	Government, County Administration	Headquarters
Birmingham VA Medical Center	2,440	Healthcare and Management Services	Regional
BBVA Compass	2,285	Financial Services (Banking)	Headquarters
Grandview Medical Center	2,172	Healthcare Services	Regional
U.S. Postal Service	2,000	Government/ Mail Processing/Delivery	Regional

Wells Fargo	1,978	Financial Services (Banking)	Major Operations
Southern Company Services	1,881	Utility	Major Operations
United States Social Security Administration	1,800	U.S. Government, Benefits	Regional
Hoover Board of Education	1,773	Government, Public Education	Headquarters
Dollar General Distribution Center	1,700	Wholesale Distribution, Retail Merchandise	Regional
Protective Life Corporation	1,550	Financial Services (Life Insurance)	Headquarters
American Cast Iron Pipe Company	1,500	Metal Fabrication	Headquarters

Source: Birmingham Business Alliance

The number of business establishments in the County was relatively unchanged from 2009 through 2015. The recession in 2008 affected business establishments negatively.

BUSINESS ESTABLISHMENTS JEFFERSON COUNTY

Year	Total Establishments
2007	17,638
2008	17,329
2009	16,789
2010	16,614
2011	16,278
2012	16,271
2013	16,232
2014	16,213
2015	16,365

Source: County Business Patterns, U.S. Census Bureau

Although agriculture is a major industry in the State, relatively small portions of the County are directly involved in agriculture. Moreover, the level of agricultural activity in the area has decreased from 2007 to 2015, though such activity in Alabama has increased generally. The following table summarizes the most recently-available information regarding the size and value of the agriculture industry in the County.

LAND AND VALUE OF AGRICULTURE INDUSTRY IN STATE OF ALABAMA AND JEFFERSON COUNTY

	Alabama		Jefferson County	
	2007	2012(2)	2007	2012(2)
Farms (number)	48,753	43,223	470	394
Land in Farms (acres)	9,033,537	8,902,654	40,455	39,003
Average size of farm (acres)	185	206	86	99
Value of Land and Buildings				
Average per farm ($)	424,674	547,524	295,663	446,143
Average per acre ($)	2,292	2,658	3,435	4,507

Total Crop Land (acres)	3,142,958	2,758,521	12,245	9,086
Market Value of Agriculture Products sold ($1,000)	4,415,550	5,571,173	[1]	10,353
Average per farm ($)	90,570	128,894	[1]	26,276

[1] Information withheld by source in order to avoid disclosing data for individual farms.
[2] The Census of Agriculture is taken once every five years. NASS (National Agricultural Statistics Service) plans to release Census of Agriculture data, in both electronic and print formats, beginning in February 2019. Detailed reports will be published for all counties, states and the nation.
Source: United States Department of Agriculture, National Agricultural Statistics Service

The following charts show the forestry industry's impact on the County:

SUMMARY OF FORESTRY INDUSTRY IN JEFFERSON COUNTY

Forested Area (acres)	391,934
Softwoods	178,117
Oak-Pine	64,308
Hardwoods	149,509
Stand Acreage by Tree Size (acres)	
Total	391,934
Sawtimber	217,240
Pulpwood	109,856
Seedling/Sapling	64,838
Average Annual Cut (tons)	
Total	538,581
Softwoods	394,302
Hardwoods	144,279
Stumpage Revenue	
Total	$3,627,632
Pine Sawtimber	$2,138,486
Hardwood Sawtimber	$296,102
Pine Pulpwood	$1,083,295
Poles and Piling	$109,749

Source: Alabama Forestry Commission, Forest Resource Report 2017

Median Family Income

Median Family Income is defined by the U.S. Census as the amount which divides the income distribution of families into two equal groups, half having incomes above the median, and half having incomes below the median.

ESTIMATED MEDIAN FAMILY INCOME
(IN DOLLARS)

	2011	2012	2013	2014	2015	2016	2017
United States	$64,200	$65,000	$64,400	$63,900	$65,800	$65,700	$68,000
Alabama	54,600	55,400	53,600	54,100	55,500	55,500	55,500
Birmingham-Hoover MSA	62,000	62,800	57,100	61,000	62,500	64,000	63,100

Source: HUD Office of Economic Affairs, Economic and Market Analysis Division

Personal Income

"Per Capita Personal Income" is defined as the current income from all sources received by one resident in an area. It is measured before deduction of income and other personal taxes, but after deduction of personal contributions for social security, government retirement, and other social insurance programs. Per capita personal income in the Birmingham-Hoover MSA and the County are above the average for the State. Per capita personal incomes in the Birmingham-Hoover MSA are slightly below national averages, while per capita personal incomes in the County are generally at or above the national average.

Year	United States	State of Alabama	% of Nat'l Average	Jefferson County	% of Nat'l Average	Birmingham-Hoover MSA	% of Nat'l Average
2016	$49,246	$38,896	73.3%	$49,386	100.3%	$45,795	89.7%
2015	48,451	38,214	77.9	48,542	100.2	45,115	89.8
2014	46,494	36,879	80.8	46,366	99.7	43,256	89.9
2013	44,493	35,778	79.3	44,628	100.3	41,625	90.5
2012	44,282	35,482	79.3	45,122	101.9	41,821	91.2
2011	42,461	34,708	80.1	43,248	101.9	40,141	91.3
2010	40,277	33,697	81.1	42,245	104.9	38,950	93.3
2009	39,376	32,685	82.7	40,596	103.1	37,793	92.5
2008	41,082	33,430	83.0	42,313	103.0	39,555	92.5
2007	39,821	32,581	82.1	41,109	103.2	38,859	93.4
2006	38,144	31,315	81.8	40,093	105.1	37,443	93.8
2005	35,904	29,802	81.4	37,711	105.0	35,493	94.7
2004	34,316	28,371	83.0	36,552	106.5	33,678	94.1
2003	32,692	26,513	83.7	33,288	101.8	31,109	91.2
2002	31,815	25,485	81.7	31,935	100.4	30,053	90.4
2001	31,540	25,001	80.1	31,065	98.5	29,485	89.4
2000	30,602	24,258	80.4	31,201	102.0	28,970	90.2
1990	19,591	15,820	79.3	18,940	96.7	17,980	87.5
1980	10,153	7,913	78.9	9,491	93.5	8,983	84.5
1970	4,196	3,074	79.0	3,629	86.5	3,411	77.3

Per capita personal income is total personal income divided by total midyear population.
Note-- All dollar estimates are in current dollars (not adjusted for inflation).
Last updated: September 26, 2017-- revised estimates for 2014-2016.
Source: U.S. Department of Commerce, Bureau of Economic Analysis

Poverty Estimates

The following tables set forth poverty estimates and rates for the United States, the State, the County, and the Birmingham-Hoover MSA:

Poverty Estimates (All People)	2010	2011	2012	2013	2014	2015	2016
United States	46,215,956	48,452,035	48,760,123	48,810,868	48,208,387	46,153,077	46,932,225
State of Alabama	833,078	896,117	896,515	889,091	905,682	875,853	868,666
Jefferson County	119,809	120,760	120,153	122,167	125,778	115,897	116,750
Birmingham-Hoover MSA	187,110	186,270	169,885	179,083	187,575	187,065	181,343

Poverty Estimates (Percentage)	2010	2011	2012	2013	2014	2015	2016
United States	15.3%	15.9%	15.9%	15.8%	15.5%	14.7%	15.1%
State of Alabama	18.9	19.1	19.0	18.9	19.2	18.5	17.2
Jefferson County	18.6	18.7	18.6	18.9	19.5	18.0	18.1
Birmingham-Hoover MSA	16.9	16.8	15.3	16.1	16.9	16.8	16.1

Source: U.S. Census Bureau, Small Area Income and Poverty Estimates Program, and Center for Business and Economic Research, The University of Alabama

Education

The Jefferson County Board of Education operates 56 schools with a combined enrollment of approximately 36,000 students. The Birmingham City Board of Education operates 44 schools and has approximately 24,449 students. Eleven other public school systems in the County encompass 63 schools and more than 41,357 students in the aggregate. In addition, 96 private and denominational schools with grades ranging from kindergarten through high school operate in the Birmingham-Hoover MSA.

The County is home to four colleges and universities, two business schools, and four junior colleges and trade schools, with a combined enrollment of over 40,000 students. The largest such institution is UAB, which includes undergraduate and graduate programs and the UAB Medical Center. Considered as a separate division of the University of Alabama System, UAB is the third largest educational institution in the State, with a total enrollment of approximately 20,900. The UAB Medical Center consists of the University of Alabama Schools of Medicine, Dentistry, Nursing, Optometry, and Public Health, and the School of Community and Allied Health.

INSTITUTIONS OF HIGHER EDUCATION
IN JEFFERSON COUNTY

	Type	Approximate Student Enrollment
Four-Year Institutions		
Birmingham-Southern College	Private	1,300
Miles College	Private	1,650
Samford University	Private	5,509
University of Alabama at Birmingham	State Supported	20,900
Two-Year Institutions		
Herzing College of Business and Technology	Private	410
Jefferson State Junior College	State Supported	12,000
Lawson State Community College	State Supported	4,512
Virginia College	Private	2,500

Transportation

The County enjoys road, rail, air, and waterway transportation. It is the nexus for three interstate highways: I-65 between Huntsville-Decatur to the north and Montgomery to the south; and I-59 from Gadsden in the northeast and I-20 from Anniston in the east, which interstates merge in the County as I-59/20 serving Tuscaloosa to the southwest. Also, a new interstate highway, I-22, connects the County and Memphis, Tennessee.

Rail freight service is provided by three Class I major railroads: Norfolk Southern Railway; CSX Transportation; and Burlington Northern Santa Fe Railway Corporation. AmTrak provides passenger service to the County through the Crescent, a daily passenger train running from New Orleans to New York. Over 100 truck lines maintain terminals in the area.

The County is home to Birmingham-Shuttlesworth International Airport, the largest airport in the State. The airport offers over 100 daily flights to 23 cities throughout the United States. Commercial airline service is provided by four major carriers (American, Delta, Southwest and United Express). The airport presently ranks in the country's top 75 airports in terms of passengers served annually, which totals more than 2.6 million passengers per year.

The County is also home to the Bessemer Municipal Airport ("Bessemer Airport"), which is owned by the City of Bessemer and operated by the Bessemer Airport Authority. Bessemer Airport is a small, local airport that offers service to the public and is utilized primarily by single engine airplanes.

Barge transportation is available through private dock facilities at Port Birmingham in the western part of the County. These facilities are part of the Warrior-Tombigbee waterway system which provides access to the Port of Mobile in south Alabama, and is linked with the Tennessee-Tombigbee waterway system, which connects the County with 16,000 miles of barge routes stretching from the Great Lakes to the Gulf of Mexico.

County Growth Patterns

Similar to many urban areas in the United States, growth in the County has occurred in the suburbs, away from the original center of the City of Birmingham. The out-migration that occurred after 1950, coupled with the mountainous topography of the County outside of the city center, led to significant demand for sewer service in the growth areas during a time period when regulatory requirements increased the cost of wastewater treatment.

The growth in the housing stock in the County does not mirror the County's population growth. Despite modest population growth in the County over the past several decades, housing units have nearly doubled since 1950, as the following table depicts:

HOUSING UNITS JEFFERSON COUNTY

Year	Total Establishments
1950	159,377
1960	194,751
1970	212,726
1980	259,843
1990	273,097
2000	288,162
2010	300,552
2015	303,755
2016	305,262

Source: Summary Population and Housing Characteristics, U.S. Census Bureau

Several socio-economic factors have influenced the growth in housing, including a lower birthrate, smaller family size, and an increase in multifamily housing units. Several other factors have negatively impacted growth in the County, including moratoria on sanitary sewer facilities during the 1970s and economic downturns.

During the 1980s and 1990s, while the County's population declined by nearly 20,000, the population of Shelby County grew dramatically. The growth in Shelby County was facilitated by the completion of Interstate 459 in southern Jefferson County. Population growth was also occurring in other surrounding counties during the 1980s and 1990s, as the Birmingham MSA (then comprised of Blount, Jefferson, Shelby, St. Clair and Walker Counties) increased by 24,000.

Despite some variations, the general population growth trend over the past several decades has been away from the City of Birmingham's core and out to the suburbs. Commuting patterns substantiate these trends, as the U.S. Census Bureau's American Community Survey currently estimates that businesses within the County employ more than 94,000 residents of other counties, the majority of whom live in Shelby and St. Clair Counties.

Jefferson County Commission

Pursuant to Alabama Code Title 11, Act No. 97-147 and the case of *Michael Taylor et al. v. Jefferson County Commission, et al.,* CV 84-C-1730-S (1985), in the United States District Court for the Northern District of Alabama, the County is governed by a five (5) member Commission (each member, a "Commissioner", who is elected concurrently with the other members of the Commission). Each Commissioner serves and is elected from one of five geographical districts. Each Commissioner serves as the chair of one of the Commission's standing committees, which are identified as (1) Health & General Services, (2) Community Development & Human Resource Services, (3) Finance, Information Technology & Business Development, (4) Judicial Administration, Emergency Management & Land Planning, and (5) Administrative, Public Works & Infrastructure. All five Commissioners sit on each of the five standing committees. The standing committees exist to evaluate proposed items of Commission business and to advance or decline to advance such items to the agenda for a Commission meeting. Committees and their members have no operational responsibilities of the County - those responsibilities are expressly delegated to the County Manager under applicable state law.

The Commissioners elect one of their members to serve as President of the Commission at the beginning of each four-year Commission term. The President's duties include serving as presiding officer at all Commission meetings, executing all contracts and other agreements which require approval of the Commission and executing all checks and/or warrants on the Commission accounts.

The five current Commissioners are:

James A. "Jimmie" Stephens. Commissioner Stephens was re-elected in November 2014 to his second term on the Commission, where he represents District 3. Commissioner Stephens attended Samford University, where he obtained both a Bachelor of Science in Business Administration and a Masters of Business Administration. He previously served as a city councilor on the Bessemer City Council and is past chairman of the Bessemer Board of Zoning Adjustments, the Bessemer Airport Authority and the Bessemer Commercial Development Authority. In addition, he is a former high school educator, where he taught business education courses. Commissioner Stephens has extensive business experience, primarily in the wholesale and retail fields. He lives in Bessemer, Alabama.

Commissioner Stephens currently serves as the President of the Commission.

Sandra Little Brown. Commissioner Brown was re-elected in November 2014 to her second term on the Commission, where she represents District 2. Her public service background includes having served as an elected member of the Birmingham City Council for four years. While on the City Council, she chaired the Birmingham Parks and Recreation & Cultural Arts Committees where she served as Park Board Commissioner and chaired the Birmingham Regional Arts Commission. Commissioner Brown is also an entrepreneur with over 20 years in sales. She is the owner of JJs T-shirts and Team World. She resides in Birmingham, Alabama.

Commissioner Brown is President Pro Tempore of the Commission.

George Bowman. Major General (ret.) Bowman first served on the Commission when he was appointed in 2007 by the Governor of Alabama to fill the remaining, one-year unexpired term of a resigning commissioner. He returned to the Commission in mid-2010 when he won a special election to replace the resigning District 1 Commissioner. In November 2010 and 2014, he was re-elected to that position in the regular elections. Major General Bowman holds a Master's in Public Administration from Shippensburg University in Pennsylvania. He also served a distinguished career in the United States Army and the Army Reserve, earning numerous decorations and awards during his service. Commissioner Bowman also worked for Liberty National Life Insurance Company at its home office in Birmingham. He resides in Center Point, Alabama.

David Carrington. Commissioner Carrington was re-elected in 2014 to his second term on the Commission, where he represents District 5 of the County. Commissioner Carrington graduated with honors from the University of Houston with an undergraduate degree in mathematics and a Master's of Business Administration. Prior to being elected to the Commission, he was a member for six years on the City Council of Vestavia Hills, a suburb of Birmingham, and served for four years as the City Council president. He has a wide and varied business background and is currently the president of Racing USA, Inc. He lives in Vestavia Hills, Alabama.

Joe Knight. Commissioner Knight was re-elected in November 2014 to his second term on the Commission, where he represents District 4 of the County. Commissioner Knight has practiced as an attorney for the past twenty-seven years and is the principal in T. Joe Knight, LLC, located in Birmingham. He is a member of the Alabama State Bar and Birmingham Bar Association. Prior to becoming an attorney, Commissioner Knight was Certified Registered Nurse Anesthetist (CRNA), a Nurse Clinician at UAB Hospital and Registered Nurse specializing in trauma. Commissioner Knight is General Counsel for the Alabama Association of Nurse Anesthetists. He is a member of the Alabama Association of Nurse Anesthetists and the American Association of Nurse Anesthetists. He lives in Trussville, Alabama.

Commissioner Stephens chairs the Administrative, Public Works & Infrastructure Committee, which is comprised of the Roads and Transportation Department and Environmental Services. Commissioner Bowman serves as Chair of the Health & General Services Committee, which is comprised of the General Services Department, Cooper Green Mercy Health Services and the County Coroner's Office. Commissioner Brown chairs the Community Development & Human Resource Services Committee, which is comprised of Human Resources and the Human-Community Services and Economic Development. Commissioner Knight chairs the Judicial Administration, Emergency Management & Land Planning Committee, which is comprised of the County's Emergency Management Agency, the Board of Registrars, Inspection Services, Storm Water Management and Land Planning and Development Services. Commissioner Carrington is Chair of the Finance, Information Technology & Business Development Committee, which is comprised of the Finance Department, Purchasing, Revenue, Budget Management Office, Information Technology and Board of Equalization.

The County holds general elections for all five County Commissioner spots, as well as for the district attorney, county sheriff, circuit clerk and circuit, district and probate court judgeships on November 6, 2018. Four of the five current Commissioners are running for re-election (Commissioner Carrington having determined not to seek re-election).

Other Elected Officials

Sheriff. The Sheriff of Jefferson County is an elected official who serves as the chief law enforcement officer of the County. The Sheriff maintains full law enforcement jurisdiction throughout the County, with particular regard for providing service to the unincorporated areas of the County. These enforcement duties include handling criminal investigations and traffic accident investigations. The Sheriff also is responsible for the service of legal process for County courts, the conduct of public elections, and the operation and maintenance of the County jails.

The Sheriff is a member of the executive department of the State under Alabama Constitution §112 and regarded as a State official under Alabama law. *See Marsh v. Butler Co., Ala.,* 268 F.3d 1014, 1028 (11th Cir. 2001). Under Alabama Code (1975) § ll-8-3(c), as amended, and Alabama Code (1975) § 36-22-18, the County is required to fund the operations of the Sheriff's office.

Mike Hale is the current Sheriff of Jefferson County, having served in that position since 1998. In 2014, he was re-elected to a four-year term.

County Treasurer. The County Treasurer is an elected position whose office is responsible for receiving and keeping the money of the County and disbursing the same as provided for by State law.

Mike Miles is the current County Treasurer, having won re-election for a four-year term in 2016. Sherry McClain is the current Deputy County Treasurer of the "Bessemer Cutoff" division, having won re-election in 2016.

Tax Assessor. The Jefferson County Tax Assessor is responsible for processing tax returns on real and personal property, discovering and assessing taxable property, recording the ownership of property, and maintaining the County's tax roll.

Gaynell Hendricks is the current County Tax Assessor. She was elected to her first four-year term in 2008, and was re-elected in 2012 and 2016. Charles R. Winston, Jr. is the current Assistant Tax Assessor, serving the "Bessemer Cutoff" division of the County.

Tax Collector. The County Tax Collector is an elected officer who is responsible for the collection of real property and other taxes assessed by the County.

J.T. Smallwood currently serves as County Tax Collector, holding that position since first elected in 2002. Grover Dunn is the current Assistant Tax Collector, serving the "Bessemer Cutoff" division of the County.

Probate Court Judges. The County Probate Judges are responsible for a variety of tasks, including issuing marriage licenses, recording real estate documents and other public records, probating wills and administering estates, issuing letters of guardianship and conservatorship, hearing adoptions and name change matters, hearing adult mental health involuntary commitment cases, processing applications for notaries public, and serving as the chief election official for the County.

The Honorable Alan King and the Honorable Sherri Friday both currently serve as Probate Judges, with the Honorable Elizabeth North serving as Deputy Probate Judge in the Bessemer Division.

District Attorney. The District Attorney is a publicly elected official who represents the State in the prosecution of criminal offenses within the County. Michael Anderton is the current District Attorney. Lynneice Washington is the District Attorney serving the "Bessemer Cutoff" division of the County.

County Management

County Manager/Chief Executive Officer. In August 2009, the Alabama Legislature passed Act 2009-662 and Act 2009-812 (the "County Manager Act"), pursuant to which the Alabama Legislature directed the Commission to hire a county manager to serve as the County's chief executive officer on or before April 1, 2011. The legislation provided that the votes of four of the five Commissioners would be necessary to select a county manager. The legislation further mandated that the County engage a qualified national search firm to recruit candidates at any time the county manager position was vacant.

Since October 1, 2011, Tony Petelos has served as the County's County Manager. Mr. Petelos came to the position with extensive public service and management experience. From 2004 to 2011, Mr. Petelos served as the Mayor of the City of Hoover, the County's second largest city and the sixth largest city in Alabama. Before that, he served in the Alabama House of Representatives from 1986 through 1997, where he also served as chair of the House's Jefferson County Delegation from 1990 to 1996. In 1997, Mr. Petelos was appointed by Governor Fob James as Commissioner of the Alabama Department of Human Resources after the department entered a federal consent decree. He was subsequently re-appointed by Governor Don Siegelman.

As County Manager, Mr. Petelos has assumed day-to-day management authority for the County's operations, a responsibility that previously had been borne by the Commissioners themselves, on top of their legislative functions. Centralizing the executive functions of the County in the County Manager's office has resulted in substantial efficiencies and improvements in the County's operations. Mr. Petelos oversees the implementation of authorized projects and programs, ensures appropriate coordination of departmental operations, analyzes and implements organizational changes to improve the efficient and economical operation of County government, and recommends policies and adopts procedures for the orderly conduct of the County's administrative affairs. Mr. Petelos' office also is charged with the County's budget planning and oversight process, which entails reviewing and evaluating budget estimates of all County departments, submitting an annual budget to the Commission for its review and approval, reviewing County revenues and expenditures throughout the year to insure budgetary control and to keep the Commission advised of the financial condition and needs of the County, implementing necessary and prudent fiscal controls, and providing recommendations as to supplemental appropriations and budget transfers which require Commission approval. Mr. Petelos (or Chief Deputy County Manager Walter Jackson) attends all Commission meetings, where he, as County Manager, may discuss any matter before the Commission, although he has no vote on Commission matters. Effective in May 2018, the County hired Cal Makert to serve as Deputy County Manager.

The County Manager is the appointing authority for all County employees with the exception of the County Attorney, the County Attorney's staff attorneys and their merit system staff, elected County officials and their appointed staff. Aside from the limited exceptions stated above, the County Manager has the authority to select, appoint, evaluate, terminate and retain department heads and county employees. This arrangement is impacted by the appointment of the Employment Discrimination Receiver.

Chief Financial Officer. John Henry is the Chief Financial Officer for the County, a position established pursuant to the County Manager Act. Mr. Henry brings more than 21 years of finance and accounting experience in both the public and private sectors. As Chief Financial Officer, Mr. Henry is responsible for Risk Management, General Accounting and Accounts Payable and Purchasing.

Prior to joining the County, Mr. Henry served as Associate Treasurer for asset management in the Office of Finance and Treasury (OFT) for the District of Columbia managing the District's investment programs, including the general fund, the Districts 401(a) and 457(b) retirement programs, the 529 College Savings program and the District's Other Post Employment Benefit's Fund. These programs have combined assets of more than $4.3 billion. Mr. Henry also managed the Unclaimed Property unit within OFT, with assets of more than $300 million.

Prior to joining OFT, Mr. Henry was with MW Logistics as Director of Financial Operations and Analysis. Prior to joining MW Logistics, he was with JPMorgan Securities where he executed debt and equity offerings and he was later responsible for selling fixed-income products to government and corporate clients. Prior to his banking career, Mr. Henry was a 1st Lieutenant in the U.S. Army with the 82nd Airborne Division and is a graduate from the U.S. Army Ranger and Airborne Schools. He is a certified public accountant and holds the certified treasury professional designation. He earned, with honors, a Master's in Business Administration, Finance, from Howard University and a Bachelor's with honors in Accounting from Virginia State University.

As Chief Financial Officer, Mr. Henry reports directly to the County Manager and has primary executive responsibility for the County's finance, revenue, purchasing, information technology and budget management offices.

County Attorney. Theo Lawson is a graduate of the University of Alabama-Tuscaloosa, the Birmingham School of Law, and the Jefferson County Law Enforcement Academy. He began his law career with the law firm of Barnes, Zinder, and Lawson in the general practice of law; while also serving as the night court and Ensley court prosecutor for the City of Birmingham. Mr. Lawson then began a career with the Jefferson County District Attorney's Office where he prosecuted many high profile and multi-defendant criminal cases. He has also served on the faculty of the National College of District Attorneys. He was appointed Chief Assistant City Attorney for the City of Birmingham under Mayor Bernard Kincaid serving as second in command of the City of Birmingham's legal department. In 2004, Mr. Lawson was appointed as an Assistant County Attorney for Jefferson County representing Jefferson County in civil litigation and serving as legal officer to EMA. In November of 2016, Mr. Lawson was unanimously appointed to the position of County Attorney. He was the first African American to ever hold this position within the County. Theo Lawson served as a professor of criminal law and procedure at Miles Law School, and currently serves as a Police Academy Instructor for the Birmingham Police Department. He is a retired reserve Captain and firearms instructor with the Fairfield Police Department and former Director of Public Safety of the Miles College Police Department.

As County Attorney, Mr. Lawson reports directly to the Commission. He supervises a staff of five in-house attorneys and oversees the work of numerous outside law firms retained from time to time by the County. The County Attorney's office is responsible for representing and advising the County, its elected officials and appointed officers and department heads. The elected officials and appointed officers include the Commission, the County Manager, the Deputy County Manager, the Chief Financial Officer, the Tax Collector and Tax Assessor, the Probate Judges, the Election Commission (comprised of the Sheriff, Clerk of Court and Probate Judge) and the Treasurer. The operating departments include the Finance Department, Revenue Department, Roads and Transportation Department, Environmental Services Department, Land Development Department, the Board of Equalization, the Cooper Green Mercy Health Services, the Coroner, the General Services Department, the Family Court, the Juvenile Detention facility, the Human Resources Department, the Budget Management Department, the Board of Registrars, the Inspection Services Department, the Community and Economic Development Department, the Department of Information Technology, the General Retirement System for Employees of Jefferson County, Alabama and the Jefferson County Emergency Management Agency. The County Attorney’s office represents these persons in a variety of matters, including the defense of claims, negotiation of contracts, compliance, and a variety of litigation matters.

County Employees and County Employment Decisions

The number of permanent filled employee positions with the County decreased by more than 42% from 2008 to 2013, before a gradual increase since that time. County employment for the past 10 years has been as follows:

Year	Employees
2017	2,592
2016	2,429
2015	2,365
2014	2,267
2013	2,251
2012	2,736
2011	3,381
2010	3,625
2009	3,741
2008	3,878

The Personnel Board of Jefferson County (the “Personnel Board”) possesses substantial administrative responsibility over the County’s employment practices. The Personnel Board is a human resources organization established by the Alabama Legislature in 1935 to administer the civil service, or merit, system for the County and certain other municipalities within the County. The Personnel Board is responsible for establishing and administering rules and regulations to assure compliance with Act 248, H.580, adopted by the Alabama Legislature in 1945 (as amended, the “Enabling Act”), and to ensure that the County’s civil service employees are treated in accordance with the Enabling Act’s provisions. To that end, the Personnel Board classifies positions throughout the County, tests potential candidates for employment, establishes hiring registers, develops and administers pay schedules, coordinates the adjudication of grievances, and maintains employee history records. The County’s participation in the Personnel Board system is not optional and is mandated by the Enabling Act.

The Personnel Board operates under the auspices of a three-member panel. This three-member panel is appointed by a Citizens’ Supervisory Commission comprised of 17 civic leaders from throughout the County. The composition of the Citizens’ Supervisory Commission is defined in the Enabling Act. Each panel member serves a staggered six-year term. A personnel director reports directly to the three-member panel and is responsible for the day-to-day operations of the Personnel Board.

The Personnel Board’s expenses throughout its fiscal year are paid by the County, as required by the Alabama Legislature pursuant to the Enabling Act. At the end of each fiscal year, the County submits to the

Personnel Board the total sum the County has expended on Personnel Board operations. Once these expenses have been approved, the County and the other municipalities that participate within the Personnel Board system are billed for their respective shares of such annual expenses. For fiscal year 2017, the percentage of the Personnel Board's expenses allocated to the County was 28.62% of the total amount billed.

On December 11, 2012, at the conclusion of a contempt hearing in the long-standing employment discrimination Consent Decree case *United States v. Jefferson County,* CV-75-666 (N.D. Ala.), the U.S. District Court ordered that all hiring activity at the County be halted. The U.S. District Court allowed, however, that limited and essential recall, hiring and promotion could occur pursuant to interim selection procedures under a court-approved process. This process was subsequently pronounced under a set of temporary orders.

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 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 Receiver.

On November 25, 2015, the United States District Court appointed Lorren Oliver to the position of Receiver in which he continues to serve under a Modified Order Appointing Receiver. The Employment Discrimination Receiver's authority is to exercise full control over nearly all employment decisions of the Commission, subject to a court-approved budget, until full and sustainable compliance with the employment discrimination consent decree has been achieved. The District Court's modified order contemplates the Employment Discrimination Receiver's duties and obligations be substantially completed in three years or less. Pursuant to the Employment Discrimination Order, the County may challenge any actions proposed or taken by the Employment Discrimination Receiver if the Commission in good faith believes such actions materially interfere with the functions of the County.

Since November 25, 2015, the County, through working with the Receiver, has developed and implemented non-discriminatory hiring and promotion procedures in accordance with the Court's directive. Further, the Receiver has developed a Human Resources Department within the County to support and ensure compliance with the Consent Decree. The Receiver's budget for Fiscal Year 2014-15 was close to $17,000,000. The Receiver's budget for Fiscal Year 2015-16 was $14,000,000. The Receiver's budget for Fiscal Year 2016-17 was $12,670,000. The Receiver's budget for Fiscal Year 2017-18 is $11,970,000. The decrease in budget can be attributed in part to the lack of need for the Receiver to employ or appoint personal staff and the reduced need for the employment of outside experts and consultants. The County's Human Resources Department is now able to independently oversee and manage lawful selection procedures.

The County anticipates being able to manage all personnel in the future; however, all hiring and termination practices will be subject to the oversight and approvals set forth above. At the present time, the Receiver is working with the County Manager to ensure proper and appropriate staffing. The County's recognized cooperation and collaborative efforts with the Receiver and his staff have resulted in positive steps towards the County's goal of complete compliance.

Department of Finance

The Department of Finance is responsible for the administration of the financial affairs of the County and the maintenance of its accounting records. The Finance Department, a division of the Department of Finance, directs the County's financial program by assembling, maintaining and preparing the County's financial records and statements and by assisting in budget hearings.

Historically, the County was audited by the State Department of Examiners of Public Accounts. In 2006, the County decided to have its financial statements audited by a certified public accounting firm. A copy of the financial statements of the County, and the associated notes to such financial statements, as of and for the fiscal year ended September 30, 2017, as audited by Warren Averett, LLC, Independent Certified Public Accountants, Birmingham, Alabama, is attached as Appendix B.

Budget System

The budget for the County consists of an operating budget for each of the funds maintained by the County. Together, these separate operating budgets constitute a complete financial plan for the County and reflect the projection of the receipts, disbursements and transfers from all sources. Pursuant to Act 2011-69 of the Alabama Legislature, all of the operating budgets are developed by the County Manager, who reviews and evaluates budget estimates from the County's various departments and then submits the recommended annual budget to the Commission. Under Alabama law, the County Manager is charged with causing the planning process for the County's budget to be compatible with approved County policies and long-range plans.

Upon submission of the proposed budgets by the County Manager, the Commission holds public meetings at which the requests of the individual County departments recommended by the County Manager are fully reviewed. After conclusion of the meetings, the Commission may add new expenditures or increase, decrease or delete expenditures in the proposed budgets, provided that expenditures for debt service or any other expenditures required by law to be included may not be deleted from the budgets. The Commission is prohibited by law from adopting budgets in which the total of expenditures exceeds the estimated total receipts and available surplus.

The Commission is required to adopt the annual budgets before October 1 of the fiscal year in which the budgets are to take effect. Upon adoption by the Commission, the budgets are printed for distribution to all departments of the County, as well as financial institutions and the general public. Appropriations in addition to those in the original budgets may be made by the Commission if unencumbered and unappropriated moneys sufficient to meet such appropriations are available.

Accounting System

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

Government-Wide Financial Statements. The statement of net assets and the statement of activities display information about the County as a whole and 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 County. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between program revenues and direct expenses for each segment of the business-type activities of the County and for each function of the County'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 2012, 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 County'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 County 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 are 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 County 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 assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

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 County 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. 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 County's financial statements:

- *General Fund* - This fund is the primary operating fund of the County. It is used to account for financial resources except those required to be accounted for in another fund. The County primarily receives revenues from collections of property taxes, county sales taxes and revenues collected by the State of Alabama and shared with the County.

- *Limited Obligation School Fund* - This fund is used to account for the education sales tax collected for the payment of principal and interest on limited obligation school warrants of the County that were refunded by the Series 2017 Special Sales Tax Warrants described below.

- *Indigent Care Fund* - This fund is used to account for the expenditure of beverage and sales taxes designated for indigent residents of 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 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:

- *Debt Service Fund* - This fund is used to account for the accumulation of resources for and the payment of the County's principal and interest on governmental bonds.

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

- *Capital Improvements Fund* - This fund is used to account for the financial resources used in the improvement of major capital facilities.

- *Public Building Authority* - This fund is used to account for the operations of the Jefferson County Public Building Authority. This authority was incorporated in 1998 for the general purpose of providing public facilities for the use of the County and its agencies.

- *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.

- *Road Fund* - This fund is used to account for the expenditure of funds received for building and maintaining roads and bridges.

- *Board of Equalization Fund* - This fund is used to account for property taxes restricted by the State for the operation of the Board of Equalization.

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

- *Economic Development Fund* - This fund is used to account for the expenditures of the Workforce Investment Act.

- *2017 Limited Obligation School Fund* – This fund is used to account for the payment of principal and interest on the County's $338,925,000 Limited Obligation Refunding Warrants, Series 2017, dated July 31, 2017 (the "Series 2017 Special Sales Tax Warrants").(1)

- *Special Sales Tax Revenue Fund* – This fund is used to account for the educational sales tax collected and distributed in accordance with the County's indenture respecting the Series 2017 Special Sales Tax Warrants.

- *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 Birmingham Bessemer.

The County 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 statement of revenues, expenses and changes in fund net assets. 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 County'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 County'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.

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(1) This fund accounts for the Special Sales Tax (hereinafter described) collected by the County and used to pay debt service on the Series 2017 Special Sales Tax Warrants.

The following major enterprise funds are included in the County's financial statements:

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

Other nonmajor enterprise funds are as follows:

- *Landfill Operations Fund* - This fund is used to account for the operations of the County'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 the County.

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

The following fiduciary fund is presented with the County's financial statements:

- *City of Birmingham Revolving Loan Fund* - This fund is used to account for resources held by the County 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 County on behalf of the Jefferson County Management Association which oversees disaster assistance programs.

- *Personnel Board Fund* - This fund is used to account for resources held by the County on behalf of the Jefferson County Personnel Board, which oversees personnel management for various municipalities located in the County.

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 County is exempt from federal and state income taxes.

County Revenues and Expenditures

Summary of General Fund Revenues and Expenditures – General Fund

The following table sets forth the consolidated revenues, expenditures and changes in fund balance with respect to the County's General Fund for each of the past five fiscal years. Such information is taken from the audited financial statements for the County for the fiscal years ended September 30, 2013 through and including September 30, 2017. Amounts shown are in thousands.

	2013	2014	2015	2016	2017
Revenues					
Taxes	$84,848	$91,327	$80,018	$87,081	$92,544
Licenses and Permits	9,309	10,213	9,419	11,893	9,759
Intergovernmental	26,986	17,582	12,994	8,019	7,616
Charges for services, net	28,168	29,254	29,656	28,695	30,172
Miscellaneous	3,941	6,462	9,992	5,281	6,434
Interest and Investment Income	231	156	557	415	129
Total Revenues	153,483	154,994	142,636	141,384	146,654
Expenditures					
Current:					
General government	106,451	87,018	83,399	91,752	99,964
Public safety	53,722	65,239	60,566	68,771	74,303
Highway and roads	2,686	-	-	-	--
Capital outlay	1,934	40	507	20	--
Indirect expenses	(7,829)	(6,696)	(6,168)	(6,649)	(6,241)
Debt service:					
Principal retirement	217	228	240	34	--
Interest and fiscal	38	27	15	8	10
Total Expenditures	157,219	145,856	138,559	153,936	168,036
Excess (Deficiency) of Revenues over Expenditures	(3,736)	9,138	4,077	(12,552)	(21,382)
Other Financing Sources (Uses)					
Proceeds from capital leases/Sale of capital assets	343	120	137	221	6
Transfers in	38,262	481	5,009	7,427	32,597
Transfers out	(1,025)	(1,279)	(3,943)	(2,392)	(2,946)
Net Changes in Fund Balance	33,844	8,460	5,280	(7,296)	8,275
Fund Balance – beginning of year, as previously reported	85,691	119,535	119,467[1]	122,492	121,813
Prior Period Adjustments	-	-	(2,255)	6,617	-
Fund Balance – beginning of year, as restated	85,691	119,535	117,212	129,109	121,813
Fund Balance – end of year	$119,535	$127,995[1]	$122,492	$121,813	$130,088

(1) Management determined a change in accounting policy for its fiscal year 2015 financial reporting of certain non-major funds. The changes resulted in the reporting of legally restricted revenues in the following four special revenue funds for 2015, rather than in the County's General Fund as had been reported in prior fiscal years: (1) Economic Development Fund, (2) Community Development Loan Fund, (3) Tax Assessor – Birmingham Fund, and (4) Tax Assessor – Bessemer Fund. As a result, beginning fund balances for those funds are not reported in the same fund balance totals as they were in 2014.

General Sales and Use Tax Revenues

The County levies and collects sales and use taxes (the "General Sales and Use Tax") pursuant to the provisions of Act No. 405 enacted at the 1967 Regular Session of the Alabama Legislature, as amended by Act No. 659 enacted at the 1973 Regular Session of the Alabama Legislature (the "Tax Act"). The sales and use taxes of the County are levied at one-quarter of the rate at which the State sales and use taxes are levied. The State sales and use taxes are currently levied at the rate of 4% of the gross sales or gross receipts, as the case may be, of all businesses subject to the tax, except that the rate with respect to certain machinery, motor vehicles and trailers is 1-1/2%. The Tax Act provides that certain sales are exempt from both the State tax and the County tax. In the event the present State sales and use tax statutes are repealed, under the Tax Act the sales and use taxes of the County will continue to be imposed as if such repeal had not occurred.

The sales tax is due and payable on or before the twentieth day of the month next succeeding the month during which the tax accrued. The use tax is due and payable on or before the twentieth day of the month next succeeding the quarterly period during which the tax accrued. Both taxes are payable to the County Director of Revenue. Under the Tax Act, on or before the twentieth day of each month, the County Director of Revenue is required to make a division of the total proceeds of the sales and use taxes collected during the immediately preceding month for the following purposes and in the following order:

(1) The first one-half share of the total tax proceeds is applied as follows:

(a) an amount equal to 1-1/2% of the total tax proceeds is paid into the General Fund of the County to pay the costs of administering and enforcing the Tax Act;

(b) 9% of the first one-half share is paid directly to the Jefferson County Board of Health; and

(c) the balance of such one-half share is paid into the Indigent Care Fund of the County.

(2) The second one-half share of the total tax proceeds is applied as follows:

(a) $100,000 is paid each month directly to the Birmingham-Jefferson Civic Center Authority (the "BJCC Authority");

(b) in the event that the total of the amounts paid to the BJCC Authority during the month from the net proceeds of the tobacco tax levied by Act No. 524 enacted at the 1965 Regular Session of the Alabama Legislature and the lodging tax levied by Act No. 525 enacted at the 1965 Regular Session of the Alabama Legislature aggregates less than $100,000, an amount of the second one-half share equal to the difference between $100,000 and the total amount so paid from the proceeds of such taxes is paid directly to the BJCC Authority;

(c) 22% of the second one-half share is paid directly to the Jefferson County Board of Health;

(d) 9% of the second one-half share is payable directly to the Jefferson County Board of Health; and

(e) the remaining balance of the second one-half share is paid into the General Fund of the County.

The following table sets forth the gross General Sales and Use Tax revenues for the fiscal years ended September 30, 2008 through September 30, 2017:

Fiscal Year Ending September 30	Total Amount
2008	$96,087,534
2009	85,291,553
2010	86,370,576
2011	91,361,692
2012	96,506,712
2013	97,380,228
2014	99,182,627
2015	104,513,296
2016	102,752,402
2017	111,339,311

Source: Jefferson County Revenue Department

Special Sales and Use Tax

Pursuant to Act No. 2015-226 adopted by the Alabama Legislature during the 2015 Regular Session (the "Special Sales Tax Act") and a resolution of the County adopted by the Commission on August 13, 2015 (the "Special Sales Tax Resolution"), the County levies and collects a sales tax (the "Special Sales Tax") at a general rate of 1% of gross sales or sale price, as appropriate. Vending machine sales are taxed at a rate of 0.750%. Automobiles and manufacturing equipment are taxed at a rate of 0.375%. The Special Sales Tax Act provides that exemptions applicable to the State sales and use taxes apply to the Special Sales Tax. The Special Sales Tax is currently administered by the County.

The Special Sales Tax Act provides that proceeds of the Special Sales Tax shall be distributed each fiscal year in the following priority and amounts:

> *First*, so long as the Series 2017 Special Sales Tax Warrants, or any warrants subsequently issued to refinance the Series 2017 Special Sales Tax Warrants (collectively with the Series 2017 Special Sales Tax Warrants, "Refunding School Warrants") are outstanding and not defeased or otherwise fully paid, so much of the proceeds received during a fiscal year of the County as may be necessary to satisfy the County's obligations with respect to the Refunding School Warrants, including payment of principal or premium, if any, and interest on the Refunding School Warrants due during any such fiscal year of the County, any ongoing expenses of administration of the Refunding School Warrants, amounts required to be deposited in any debt service reserve fund for the Refunding School Warrants, and amounts necessary to provide for the payment of rebate to the United States Treasury, if any, or other amounts due to the United States shall be paid over to the trustee or paying agent for the Refunding School Warrants to be held solely for payment of such amounts;
>
> *Second*, to the extent there remain additional proceeds of the Special Sales Tax following the application described above, up to $36,300,000 per fiscal year of the County shall be deposited to the general fund of the County for use as the Commission shall determine;
>
> *Third*, to the extent there remain additional proceeds of the Special Sales Tax following the applications described above, up to $18,000,000 per fiscal year of the County shall be deposited into a fund created pursuant to the Special Sales Tax Act and shall be distributed to the public school systems in the County as provided therein;

Fourth, to the extent there remain additional proceeds of the Special Sales Tax following the applications described above, up to $3,600,000 per fiscal year of the County shall be deposited in the Jefferson County Community Service Fund and used for certain public purposes as determined in accordance with the Special Sales Tax Act;

Fifth, to the extent there remain additional proceeds of the Special Sales Tax following the applications described above, up to $2,000,000 per fiscal year of the County shall be paid over to the Birmingham-Jefferson County Transit Authority for each of the first 10 fiscal years of the County following the adoption of the Special Sales Tax Act, and thereafter up to $1,000,000 per fiscal year of the County;

Sixth, to the extent there remain additional proceeds of the Special Sales Tax following the applications described above, up to $500,000 per fiscal year of the County shall be paid over to the Birmingham Zoo; and

Seventh, to the extent there remain additional proceeds of the Special Sales Tax following the applications described above, such remaining proceeds shall be deposited in the general fund of the County for use as the Jefferson County Commission shall determine.

The Special Sales Tax was first levied on August 1, 2017, and is collected a month in arrears. For the fiscal year ended September 30, 2017, the County collected $7,173,077. This represents collections during just one month. Provided below are the collections on a monthly basis for the period from October 1, 2017 through March 1, 2018:

Month	**Amount Collected by the County**
October, 2017	$8,076,818.43
November, 2017	8,720,828.03
December, 2017	7,825,378.68
January, 2018	13,111,606.58
February, 2018	8,827,408.35
March, 2018	9,325,247.07

The County has covenanted in the indenture under which the Series 2017 Special Sales Tax Warrants were issued that it will continue to levy and collect the Special Sales Tax and will apply the proceeds as provided in said indenture until the payment in full of the Series 2017 Special Sales Tax Warrants and any other refunding obligations secured by the Special Sales Tax on parity therewith.

Ad Valorem Taxes

General

The levy and collection of ad valorem taxes in Alabama is subject to the provisions of the Constitution of Alabama of 1901, as amended (the "Alabama Constitution") which limit the ratios at which property may be assessed, specifies the maximum millage rates that may be levied on property and limits total ad valorem taxes on any property in any year. The Series 2018 Warrants constitute general obligations of the County and will be charged against the general credit of the County.

Classification of Taxable Property

For purposes of ad valorem taxation, all taxable property in Alabama is required under current law to be divided into the following four classes:

Class I	All property of utilities used in their business*
Class II	All property not otherwise classified

Class III	All agricultural, forest and single family, owner-occupied residential property, and historic buildings and sites
Class IV	Private passenger automobiles and pickup trucks

* Under applicable law, railroad property is not considered Class I (utility) property and is instead Class II.

Taxable property designated as "Class III" may, upon the request of the owner of such property, be appraised at its "current use value" rather than its "fair and reasonable market value." "Current use value" was originally defined in a legislative act as the value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration the "prospective value such property might have if it were put to some other possible use." Amendatory legislation, effective since the beginning of the 1981-82 tax year, extensively revised the formulas and methods to be used in computing the current use property value of agricultural and forest property. However, the original statutory definition, though somewhat modified, remains applicable to residential and historical property.

There are exempted from all ad valorem taxes household and kitchen furniture, farm tractors, farming implements when used exclusively in connection with agricultural property, and inventories of goods, wares and merchandise.

Assessment Ratios

The following are the assessment ratios now in effect in the County for purposes of state and local taxation.

Class I	-	30%
Class II	-	20
Class III	-	10
Class IV	-	15

Although current law provides in effect that with respect to ad valorem taxes levied by the County, the governing body of the County may, subject to the approval of the Alabama Legislature and of a majority of the electorate of the County at a special election, and in accordance with criteria established by legislative act, adjust (by increasing or decreasing) the ratio of assessed value of any class of taxable property to its fair and reasonable market value or its current use value (as the case may be), the governing body of the County has not heretofore sought to make any adjustment of the assessment ratio applicable to any class of taxable property in the County and has no present plans for any such adjustment. The Alabama Legislature has no power over the adjustment of assessment ratios pertaining to local taxes except to approve or disapprove an adjustment proposed by a local taxing authority. The assessment ratio applicable to each class of taxable property must in any event be uniform with respect to ad valorem taxes levied by the County.

Current Ad Valorem Tax Rates

Pursuant to the Alabama Constitution and the laws of the State, ad valorem taxes on property in the County (excluding, however, municipal and school district ad valorem taxes levied in the County) are currently levied at the following rates:

	Rates in Mills (Dollars per 1,000 of Assessed Value)
State of Alabama	6.5
Jefferson County:	
General	5.6
Road	2.1
Bridge	5.1
Sewer	0.7

County-wide School	8.2
	21.7
TOTAL MILLS	28.2

Source: Alabama Department of Revenue, 2017 Millage Rates

Existing law provides that the rate of any ad valorem tax levied by the County may be increased only after the approval of the Alabama Legislature and of a majority of the electorate of the County at a special election. The constitutional limitation on the total ad valorem taxes *(i.e.,* state, county, municipal, school district, etc.) on any property in any one year to certain percentages of the fair and reasonable market value of such property is by its terms not applicable to property in two municipalities in the County.

Homestead Exemption

The governing body of the County is authorized by law to grant a homestead exemption of not exceeding $4,000 in assessed value against any County ad valorem tax except one "earmarked for public school purposes."

Assessment and Collection

Ad valorem taxes on taxable properties, except motor vehicles and public utility properties, are assessed by the County Tax Assessor and collected by the County Tax Collector. Ad valorem taxes on motor vehicles in the County are assessed and collected by the Jefferson County License Director, and ad valorem taxes on public utility properties are assessed by the State Department of Revenue and collected by the County Tax Collector.

Ad valorem taxes are due and payable on October 1 and delinquent after December 31 in each year (except for taxes with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by the March 1 following the due date, a tax sale is required to be held.

The County Tax Collector has in recent years collected, on average, in excess of 98% of ad valorem taxes (state, county, municipal and school district) levied.

Property Re-evaluation Program

Under existing procedures of the State Department of Revenue, each county in the State is effectively required to carry out a property reappraisal program over a four-year cycle so that each year at least 25% of the taxable property in the County is reappraised for ad valorem tax purposes. The Department of Revenue also annually reviews the appraised values and the fair market values of a representative sample of taxable property in each county in the State. A county property reappraisal program is customarily ordered by the Department of Revenue if such annual review indicates that the appraised value of property in such county has fallen below 85% of its then current fair market value.

The current level of property tax collection is dependent on many factors, including possible taxpayer appeals from increased property assessments. There can be no assurance that the current level of property tax collection will continue.

Assessed Valuation

The following table sets forth the net assessed value of taxable property in the County for the fiscal years ended September 30, 2007 through September 30, 2017:

Fiscal Year Ending September 30 [1]	Real & Personal Property and Public Utility Property	Motor Vehicle	Total Net Assessed Values
2017	$8,755,351,060	$1,027,164,616	$9,782,515,676
2016	8,578,419,100	1,037,058,545	9,615,477,645
2015	8,374,355,060	970,132,998	9,344,488,058
2014	8,051,541,180	955,622,913	9,007,164,093
2013	7,882,513,300	947,476,600	8,829,989,900
2012	7,766,614,346	914,057,340	8,680,671,686
2011	7,894,069,219	846,704,740	8,740,773,959
2010	8,025,885,906	838,645,840	8,864,531,746
2009	8,154,366,233	843,094,468	8,997,460,701
2008	8,238,988,223	950,681,658	9,189,669,881

[1] Taxes are paid in arrears: current tax collections for each year are collected October 1st through mid-May. Therefore, taxes assessed as of September 30th are not collected until the following fiscal year.
Sources: Jefferson County Tax Assessor, Jefferson County Revenue Commissioner

Principal Ad Valorem Taxpayers

The following sets forth the principal Ad Valorem Taxpayers in the County for 2017:

	Company	Assessed Value	County Tax
1	Alabama Power Company	$634,530,300	$8,566,159
2	BellSouth Telecommunications LLC	91,425,160	1,234,240
3	Affinity Hospital LLC	78,351,840	1,057,750
4	United States Steel Corp.	64,979,980	877,230
5	Norfolk Southern Combined Rail	45,770,320	617,899
6	Wells Fargo	43,806,560	591,389
7	Alabama Gas Corp.	33,668,060	454,519
8	Hoover Mall Limited LP	33,151,200	447,541
9	American Cast Iron Pipe Company	31,386,320	423,715
10	AT&T Services	28,881,120	389,895

Source: Jefferson County Tax Assessor

Ad Valorem Tax Collections

The following table sets forth the Ad Valorem Tax collections for the fiscal years ended September 30, 2008 through September 30, 2017, collected by all tax collectors, and levied by all ad valorem taxing authorities, within the County:

Ad Valorem Tax Collections

Tax Year Ended September 30 [(1)]	**Total Net Tax Levy**	**Current Tax Collections**	**Percent of Levy Collected**	**Delinquent Tax Collections**	**Total Tax**	**Percent of Total Tax Collection to Tax Levy**
2017	$613,117,511	$600,525,218	97.95%	$9,590,216	$610,115,434	99.51%
2016	597,336,653	580,276,117	97.14	10,161,740	590,437,857	98.85
2015	565,752,046	556,568,482	98.38	8,780,460	565,348,942	99.93
2014	550,902,710	540,580,509	98.13	7,552,620	548,133,128	99.50
2013	542,537,038	532,280,137	98.11	7,768,542	540,048,679	99.54
2012	553,608,072	540,707,822	97.67	5,961,035	546,668,857	98.75
2011	563,149,729	539,061,625	95.72	6,669,403	545,731,028	96.91
2010	571,239,380	556,700,119	97.45	4,686,256	561,386,375	98.28
2009	580,123,421	559,724,507	96.48	4,470,839	564,195,346	97.25
2008	545,472,944	540,392,751	99.07	2,377,973	542,770,724	99.50

Source: Jefferson County Tax Collector
(1) Taxes collected in each fiscal year represent the taxes levied in the prior fiscal year, as taxes are collected in arrears.

Statement of Revenues, Expenditures and Changes in Fund Balances -Indigent Care Fund

The Indigent Care Fund is a self-supporting enterprise fund of the County. As mentioned above, the Indigent Care Fund is used to account for the expenditure of beverage and sales taxes designated for indigent residents of the County. The Indigent Care Fund also includes the operations of Cooper Green Mercy Health Services ("Cooper Green"), 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.

During the 2017 fiscal year, the County experienced a substantially lower ending fund balance in the Indigent Care Fund. Unlike many other types of outpatient indigent care health systems, Cooper Green serves as both the service provider and the payer for most patients and services provided. Beginning in fiscal year 2012, the County began implementing a value-based outpatient preventative care delivery model, versus the acute hospital care model (i.e., preventative care to avoid more expensive acute episodes).

The County plans to realize savings in patient care cost while better protecting and serving the health care needs of Cooper Green's patient population by focusing on preventative care versus treating higher cost episodic hospital care. This strategy requires an ongoing shift in resource allocation, and also includes expanded services and increased patient-load, substantial up-front investment and shifts in resource allocation to include more patient reviews/evaluations, health screenings (e.g., mammograms and other cancer screenings), laboratory resources and health education. Other resources are required to enroll patients in primary care access at Cooper Green and at other local clinics that partner with Cooper Green. The cost and expense of these changes is reflected in the substantially lower ending fund balance observed in 2017.

It is likely that the County will continue to realize lower ending fund balances in the Indigent Care Fund, but over time the County expects its patient care and treatment costs at Cooper Green to drop substantially as the benefits of preventative care and treatment are realized.

The following table sets forth the consolidated revenues, expenditures and changes in fund net position for the Indigent Care Fund for each of the past five fiscal years. Such information is taken from the audited financial statements for the County for the fiscal years ended September 30, 2013 through and including September 30, 2017. Amounts shown are in thousands.

	2013	2014	2015	2016	2017
Revenues					
Taxes	$45,973	$47,812	$50,175	$49,626	$53,661
Charges for services, net	--	179	1,224	--	1,723
Miscellaneous	2	1,339	1,936	1,690	505
Interest and investment income	--	8	1	--	--
Total Revenues	45,975	49,338	53,336	51,316	55,889
Expenditures					
Current:					
Health and welfare	--	43,300	43,355	47,791	57,005
Capital outlay	--	--	--	586	775
Indirect expenses	--	2,425	2,062	3,046	2,137
Debt service:				--	
Principal retirement	--	25	25	118	--
Interest and fiscal charges	--	--	--	--	--
Total Expenditures	0	45,750	45,442	51,541	59,917
Excess (Deficiency) of Revenues over Expenditures	45,975	3,588	7,894	(225)	(4,028)
Other Financing Sources (Uses)					
Transfers in	900	1,080	--	--	--
Transfers out	(47,079)	--	--	--	(3,500)
Net Changes in Fund Balance	(204)	4,668	7,894	(225)	(7,528)
Fund Balance – beginning of year, as previously reported	9,201	8,997	13,665	21,559	21,937
Prior Period Adjustments	--	--	--	603	--
Fund Balance – beginning of year, as restated	9,201	8,997	13,665	22,162	21,937
Fund Balance – end of year	$8,997	$13,665	$21,559	$21,937	$14,409

Statement of Revenues, Expenditures and Changes in Fund Balances –Bridge and Public Building Fund

As mentioned above, the Bridge and Public Building Fund is used to account for the expenditure of special County property taxes for building and maintaining public buildings, roads and bridges. Although not specially pledged for debt service, the County has used revenues in excess of expenditures accounted for in this fund for payment of debt service on County general obligation indebtedness.

The following table sets forth the consolidated revenues, expenditures and changes in fund net position for the Bridge and Public Building Fund for each of the past five fiscal years. Such information is taken from the audited financial statements for the County for the fiscal years ended September 30, 2013 through and including September 30, 2017. Amounts shown are in thousands.

	2013	2014	2015	2016	2017
Revenues					
Taxes	$40,452	$41,830	$42,917	$43,348	$45,337
Intergovernmental	762	768	775	779	785
Interest and investment income	92	75	35	129	125
Total Revenues	41,306	42,673	43,727	44,256	46,247
Expenditures					
Current:					
Highway and roads	--	4,000	4,935	5,912	8,544
Total Expenditures	0	4,000	4,935	5,912	8,544
Excess (Deficiency) of Revenues over Expenditures	41,306	38,673	38,792	38,344	37,703
Other Financing Sources (Uses)					
Transfers in	--	--	--	--	--
Transfers out	(41,306)	(38,673)	(38,792)	(38,344)	(37,703)
Net Changes in Fund Balance	0	0	0	0	0
Fund Balance – beginning of year	0	0	0	0	0
Fund Balance – end of year	$0	$0	$0	$0	$0

The Sewer System

General

The County owns and operates a sanitary sewer system (the "Sewer System") that covers approximately 440 square miles and consists of approximately 3,524 miles of sanitary sewer lines (3,435 miles gravity and 89 miles force main), nine wastewater treatment plans ("WWTPs"), 186 pump/lift stations, and 81,696 manholes. The service area is characterized by gently rolling topography and, due to the nature of the topography, a large gravity sewer network is needed to collect and transmit sewage. Pump stations transfer these flows to other pump stations and gravity mains and eventually to their respective WWTP.

The Sewer System serves 23 municipalities, unincorporated Jefferson County and small portions of Shelby County and St. Clair County. Of the Sewer System's approximately 128,000 total residential accounts, approximately 260 are estimated to be located in Shelby County and approximately 370 are estimated to be located in St. Clair County.

Capital Expenditures

Since emerging from bankruptcy in 2013, the County has funded all capital improvements and costs of the Sewer System from sewer revenues. At the time the County emerged from bankruptcy, it deposited approximately $190 million of Sewer System funds into a fund established for Sewer System capital improvements and maintenance (the "Sewer System Capital Improvement Fund"). In addition, pursuant to the terms of the County's trust indenture under which its outstanding sewer revenue warrants were issued in 2013, Sewer System revenues remaining after payment of debt service and other specified items are deposited into the Sewer System Capital Improvement Fund. Amounts in the Sewer System Capital Improvement Fund are subject to the lien of said indenture and are limited to payment of capital improvements for the Sewer System, payment of debt service (if amounts on deposit for payment of debt service are insufficient for such purpose), payment of operating costs (if amounts on deposit for payment of operating costs are insufficient for such purpose), payment of rebate costs, and purchase of outstanding sewer revenue warrants. The Sewer System Capital Improvement Fund has a balance of approximately $311 million as of September 30, 2017.

Summary of Revenues, Expenses and Changes in Fund Net Position – Sanitary Operations Fund

The Sanitary Operations Fund is an enterprise fund of the County supported by revenues of the Sewer System. As mentioned above, the Sanitary Operations Fund is used to account for the operations of the County's sanitary sewer systems. Revenues are generated primarily through user charges, impact fees and designated property and ad valorem taxes.

The following table sets forth the consolidated revenues, expenditures and changes in fund net position for the Sanitary Operations Fund (the proprietary fund of the County respecting the Sewer System) for each of the past five fiscal years. Such information is taken from the audited financial statements for the County for the fiscal years ended September 30, 2013 through and including September 30, 2017. Amounts shown are in thousands.

	2013	2014	2015	2016	2017
Operating Revenues					
Taxes	$5,712	$5,996	$5,956	$5,726	$6,309
Intergovernmental	105	105	114	107	108
Charges for services, net	148,340	174,127	186,816	193,372	210,709
Other operating revenue	4,191	584	851	583	1,495
Total Operating Revenues	158,348	180,812	193,737	199,788	218,621
Operating Expenditures					
Salaries	18,165	18,190	17,998	19,125	19,821
Employee benefits and payroll taxes	6,557	5,429	5,598	6,473	8,834
Maintenance	--	--	--	--	7,831
Materials and supplies	4,590	5,015	3,592	2,838	3,815
Utilities	7,916	8,380	8,089	8,870	8,564
Outside services	19,021	11,642	10,766	10,254	4,426
Office expenses	1,519	--	288	5,689	5,979
Depreciation	132,734	133,092	137,905	139,263	140,636
Indirect Expenses	--	4,251	3,877	3,458	3,798
Miscellaneous	67	122	5	--	--
Total Operating Expenses	190,569	186,121	188,118	195,970	203,704
Excess (Deficiency)	(32,221)	(5,309)	5,619	3,818	14,917
Nonoperating Revenues (Expenses)					
Interest expense, net	(104,304)	(70,965)	(70,858)	(71,123)	(70,191)
Interest expense (accretion)	--	(35,724)	(46,126)	(49,605)	(53,353)
Interest revenue	--	423	1,061	3,648	1,908
Amortization of Warrant related costs	(11,898)	(7,357)	(1,804)	(1,856)	(1,906)
Legal Settlements	3,412	--	--	--	--

Contribution of infrastructure assets	--	--	4,632	5,699	7,180
Contribution, sale or retirement of capital assets	(297)	--	--	150	--
Total Nonoperating Revenues (Expenses)	(113,087)	(113,623)	(113,095)	(113,087)	(116,362)
Extraordinary Item					
Gain on bankruptcy	--	1,405,919	--	--	--
Change in Net Position	(145,308)	1,286,987	(107,476)	(109,269)	(101,445)
Net Position - beginning of year	(163,198)	(308,506)	952,986	953,556	844,287
Prior Period Adjustments	--	(25,495)	108,046	--	--
Net Position – beginning of year, as restated	(163,198)	(334,001)	1,061,032	953,556	844,287
Net Position – end of year	$(308,506)	$952,986	$953,556	$844,287	$742,842

Employee Retirement Plan

Defined Benefit Pension Plan

General Overview. The County sponsors a defined benefit pension plan (the "Pension Plan") for certain employees and officers of the County. The General Retirement System for Employees of Jefferson County (the "Pension System"), which administers the Pension Plan, was established pursuant to Act No. 497 enacted at the 1965 Regular Session of the Legislature of Alabama (as amended, the "Pension Act"). With certain limited exceptions, the Pension System covers all employees of the County who are subject to the Civil Service System.

County officers and those employees not subject to the Civil Service System may elect to participate in the Pension System. Membership in the Pension System for those employees automatically covered under the Pension Act is compulsory. As of the most recent actuarial valuation of the Pension Plan (October 1, 2017) (the "2017 Pension Valuation") prepared by Cavanaugh Macdonald Consulting, LLC (the "Independent Actuary"), there were 2,409 active members in the Pension System with aggregate annual compensation of $131,976,909, and 2,334 retired members and beneficiaries in the Pension System with aggregate annual benefits of $61,733,590.

Pension Plan Funding. The Pension Act requires that members of the Pension System contribute 6% of their gross salary to the Pension Plan and that the County contribute an equivalent amount for each member, for a total annual contribution equal to 12% of each member's gross salary. Certain proceeds from the sale of pistol permits in the County are also contributed to the Pension Plan. The following is a summary of actuarial assumptions and a schedule of trend information pertaining to funding of the Pension Plan, taken from the 2017 Pension Valuation:

Valuation date	10/01/2017
Actuarial cost method	Entry age
Amortization method	Level percent open
Remaining amortization period	84 years
Asset valuation method	5-year market related value
Actuarial assumptions	
Investment rate of return*	7.00%
Projected salary increases*	4.25-7.25%
Cost-of-living adjustments	None

* Includes inflation at 3.25%

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
9/30/2014	$6,587,000	100.0%	$0
9/30/2015	6,732,000	100.0	0
9/30/2016	7,393,000	100.0	0
9/30/2017	7,627,000	100.0	0

Fiscal Summary. As of the October 1, 2017, the unfunded actuarial accrued liability ("UAAL") for the Pension Plan was ($100,277,931) (i.e., actuarial plan assets exceed actuarial plan liabilities). The following is a schedule of funding progress and trend information pertaining to the Pension Plan:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
2011	$949,368,266	$899,515,895	($49,852,371)	105.5%	$138,971,377	(35.9%)
2012	931,092,938	913,822,368	(17,270,570)	101.9	118,895,660	(14.5)
10/1/2013	955,105,311	929,234,406	(25,870,905)	102.8	107,002,185	(24.2)
10/1/2014	1,005,020,061	952,157,824	(52,862,237)	105.6	109,723,029	(48.2)
10/1/2015	1,038,953,354	970,675,625	(68,277,729)	107.0	113,089,076	(60.4)
10/1/2016	1,084,866,713	1,007,174,968	(77,711,745)	107.7	124,769,019	(62.3)
10/1/2017	1,125,217,227	1,024,939,296	(100,277,931)	109.8	131,976,909	(76.0)

In the 2017 Pension Valuation, the Independent Actuary concluded that the Pension Plan was operating on an actuarially sound basis and that the sufficiency of the assets in the Pension Plan may be safely anticipated. See Note K to the County's audited financial statements, and the associated notes to such financial statements, as of and for the fiscal year ended September 30, 2017, attached as Appendix B for more information about the Pension Plan.

Other Post-Employment Benefits (OPEB)

General Overview. In addition to the Pension Plan, the County sponsors a single-employer postretirement welfare benefit plan (the "OPEB Plan") in accordance with a resolution first approved by the Commission on September 25, 1990, and approved annually each year thereafter. The OPEB Plan provides medical and prescription drug benefits to eligible retirees and their dependents by subsidizing a portion of the retirees' health insurance premiums. As of the most recent actuarial valuation of the OPEB Plan (September 30, 2016) (the "2016 OPEB Valuation") prepared by the Independent Actuary, there were 2,383 active participants, no vested terminated participants and 470 retired participants in the OPEB Plan.

OPEB Plan Funding. Unlike the Pension Plan, the County does not set aside assets in a qualifying trust fund for the purpose of paying future benefits. The County operates the OPEB Plan on a "pay-as-you-go" basis. Employees of the County and retirees and their dependents are not required to contribute to the OPEB Plan. The following is a summary of the actuarial assumptions and a schedule of trend information pertaining to funding of the OPEB Plan, taken from the 2016 OPEB Valuation:

Valuation date	09/30/2016
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, Closed
Remaining amortization period	30 years
Asset valuation method	Market Value of Assets
Actuarial assumptions	
Investment rate of return*	4.00%
Medical Cost trend rate **	7.75%
Ultimate trend rate**	5.00%
Year of Ultimate trend rate	2022

* Includes inflation at 3.25%

** Pre-Medicare; includes inflation at 3.25%

(In Thousands)

Actuarial Valuation Date	Fiscal Year Ended	Annual Required Contrib. (a)	Interest on Existing NOO* (b)	Adjustment to ARC (c)	Annual OPEB Cost (a+b+c=d)	Annual Contribution Amount (e)	Percent age of OPEB Cost Contrib. (e/d)	Net Increase (Decrease) in NOO (d-e=f)	NOO* at Beg. of Year (g)	NOO at End of Year (f+g)
9/30/16	9/30/17	$8,072	$564	$(520)	$8,116	$4,798	59.1%	$3,318	$14,098	$17,416
9/30/16	9/30/16	5,903	503	(465)	5,941	4,423	74.4	1,518	12,580	14,098
9/30/14	9/30/15	5,903	472	(436)	5,939	5,148	86.7	791	11,789	12,580
9/30/14	9/30/14	4,779	448	(413)	4,814	4,219	87.6	595	11,194	11,789

* As used herein "NOO" means Net OPEB Obligation.

Fiscal Summary. As of the 2016 OPEB Valuation, the net OPEB obligation for the OPEB Plan, as shown on the County's Statement of Net Assets for the fiscal year ended September 30, 2017, included in the County's audited financial statements attached as Appendix B was $17,416,000, and the unfunded actuarial accrued liability for the OPEB Plan was $97,566,000. The following is a schedule of funding progress respecting the OPEB Plan:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
09/30/2016	$0	$97,566,000	$97,566,000	0.0%	$126,645,000	77.0%
09/30/2014	0	$77,272,000	$77,272,000	0.0	$109,723,000	70.4

In the 2016 OPEB Valuation, the Independent Actuary concluded that if the required contributions to the OPEB Plan are made by the County from year to year in the future at the levels required on the basis of successive actuarial valuations, the OPEB Plan will operate in an actuarially sound manner. See Note L to the County's audited financial statements as of and for the fiscal year ended September 30, 2017, attached as Appendix B for more information about the OPEB Plan.

New Accounting Pronouncements. In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67, *Financial Reporting for Pension Plans,* and Statement No. 68, *Accounting and Financial Reporting for Pensions* (the "GASB Statements"), which became effective for the County beginning with its fiscal year ended September 30, 2015.

GASB also issued in June 2015 Statement No. 75 ("GASB No. 75"). The objective of this statement is to improve accounting and financial reporting by state and local governments for OPEB. This statement is effective for fiscal years beginning after June 15, 2017. The County is currently evaluating the impact that GASB No. 75 will have on its financial statements, but notes that the adoption of this standard will likely result in the recognition of a material liability and a corresponding material reduction of the County's unrestricted net position.

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 County is currently evaluating the impact this standard may have on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for fiscal year 2020. The County is currently evaluating the impact this standard may have on its financial statements.

GASB Statement No. 85, *Omnibus 2017*, was issued to address practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for fiscal year 2018. The County is currently evaluating the impact this standard may have on its financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. The County 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 requirements of this statement are effective for fiscal year 2021. The County is currently evaluating the impact this standard may have on its financial statements.

See Note B to the County's audited financial statements as of and for the fiscal year ended September 30, 2017, attached as Appendix B for more information regarding the GASB Statements and the effect implementation thereof may have on the County's fiscal condition.

Debt Management

General

The principal forms of indebtedness that the County is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, special or limited obligation warrants and various revenue anticipation bonds and warrants relating to enterprises. In addition, the County has the power to enter into certain leases which constitute a charge upon the general credit of the County. Under existing law, the County may issue general obligation bonds only after a favorable vote of the electorate of the County. General and special obligation warrants issued for certain specified purposes may be issued without voter approval. The Series 2018 Warrants will constitute general obligations of the County and a charge against the general credit of the County.

Limited Tax and Revenue Warrants

On July 31, 2017, the County issued the Series 2017 Special Sales Tax Warrants in the initial principal amount of $338,925,000. The Series 2017 Special Sales Tax Warrants are limited obligations of the County payable solely from the Special Sales Tax. The County has no other obligations payable from the Special Sales Tax.

The County is also obligated to make lease payments to the Jefferson County Public Building Authority (the "PBA") in exchange for the use of a courthouse and jail (the "Bessemer Facilities") in the City of Bessemer, Alabama. The lease payments are pledged for payment of the PBA's Lease Revenue Warrants, Series 2006 (the "2006 PBA Warrants"). The 2006 PBA Warrants were issued to finance, among other things, the Bessemer Facilities. At the time of issuance, the PBA and the County entered into a lease (the "Bessemer Lease") pursuant to which the County agreed to make rental payments on such dates and in such amounts sufficient to provide for the payment of debt service on the 2006 PBA Warrants. As of the bankruptcy filing date, the County's rent obligations under the Bessemer Lease exceeded $8 million per year on an annualized basis. After evaluating its options, the County concluded that, given its cash flow constraints, it could no longer continue to maintain its obligations under the Bessemer Lease as originally structured. The County engaged in settlement discussions, but was unable to reach a settlement prior to the lease rejection deadline under the Bankruptcy Code with respect to the Plan of Adjustment. Consequently, prior to such rejection deadline, the County moved to reject the Bessemer Lease during the annual term then in effect. Objections to the motion to reject were filed, but the County continued negotiations which resulted in a stipulation among various interested parties that contemplated, among other things, the execution of a new lease (the "New Bessemer Lease"), which would extend the lease term from 2026 to 2037 and substantially reduce the annual rent payments due from the County. Following a hearing to consider the objection of one creditor, the Bankruptcy Court entered an order on December 20, 2012 approving the New Bessemer Lease, which was executed by the PBA and the County in January, 2013. Under the Plan of Adjustment, in full, final, and complete settlement, satisfaction, release and exchange of all Claims relating to the Bessemer Lease, the County agreed to recognize and perform all of its obligations under the New Bessemer Lease. The County has honored and made all payments under the New Bessemer Lease since that time. Upon issuance of the Series 2018 Warrants, the Bessemer Lease will be terminated and the County will receive fee simple title to the Bessemer Facilities.

Annual Debt Service Requirements for all County Warrants

The following table reflects the scheduled annual debt service requirements respecting all long-term warrants of the County, excluding debt service on the 2018 Refunded Obligations following issuance of the Series 2018 Warrants and including the Series 2018 Warrants[(1)]:

Fiscal Year	Series 2013-A Warrants	Series 2013-C Warrants	Sewer Revenue Warrants	Series 2017 Special Sales Tax Warrants	Series 2018-A Warrants Principal	Series 2018-A Warrants Interest	Series 2018-B Warrants Principal	Series 2018-B Warrants Interest	Total
2018	$6,622,455	$6,523,880	$84,397,075	$26,400,005	--	--	--	--	$123,943,415
2019	6,582,475	6,493,310	84,936,825	26,400,138	$9,520,000	$4,575,869	$460,000	$720,036	139,688,653
2020	--	--	70,366,450	26,402,388	9,000,000	5,092,000	12,885,000	1,317,750	125,063,588
2021	--	--	70,366,450	26,403,138	9,450,000	4,642,000	13,470,000	673,500	125,005,088
2022	--	--	78,892,825	26,401,138	18,140,000	4,169,500	--	--	127,603,463
2023	--	--	80,634,700	26,399,538	19,050,000	3,262,500	--	--	129,346,738
2024	--	--	120,034,541	26,400,288	20,000,000	2,310,000	--	--	168,744,829
2025	--	--	141,128,883	26,404,038	12,780,000	1,310,000	--	--	181,622,921

2026	--	--	145,828,883	26,399,038	13,420,000	671,000	--	--	186,318,921
2027	--	--	150,728,883	26,404,038	--	--	--	--	177,132,921
2028	--	--	155,808,883	26,401,788	--	--	--	--	182,210,671
2029	--	--	161,078,883	26,400,788	--	--	--	--	187,479,671
2030	--	--	166,468,883	26,399,038	--	--	--	--	192,867,921
2031	--	--	172,053,883	26,400,600	--	--	--	--	198,454,483
2032	--	--	177,848,883	26,403,850	--	--	--	--	204,252,733
2033	--	--	183,828,883	26,399,850	--	--	--	--	210,228,733
2034	--	--	190,003,883	26,401,600	--	--	--	--	216,405,483
2035	--	--	196,383,883	26,401,350	--	--	--	--	222,785,233
2036	--	--	202,983,883	26,401,600	--	--	--	--	229,385,483
2037	--	--	208,901,258	26,400,000	--	--	--	--	235,301,258
2038	--	--	214,135,395	2,245,000	--	--	--	--	216,380,395
2039	--	--	221,292,645	2,246,200	--	--	--	--	223,538,845
2040	--	--	222,953,913	2,249,400	--	--	--	--	225,203,313
2041	--	--	191,456,433	2,244,400	--	--	--	--	193,700,833
2042	--	--	192,167,048	2,246,400	--	--	--	--	194,413,448
2043	--	--	192,929,573		--	--	--	--	192,929,573
2044	--	--	173,493,935		--	--	--	--	173,493,935
2045	--	--	179,654,654		--	--	--	--	179,654,654
2046	--	--	185,639,591		--	--	--	--	185,639,591
2047	--	--	192,349,004		--	--	--	--	192,349,004
2048	--	--	199,178,524		--	--	--	--	199,178,524
2049	--	--	206,144,379		--	--	--	--	206,144,379
2050	--	--	212,976,448		--	--	--	--	212,976,448
2051	--	--	220,747,900		--	--	--	--	220,747,900
2052	--	--	229,166,413		--	--	--	--	229,166,413
2053	--	--	237,477,988		--	--	--	--	237,477,988
2054	--	--	246,433,125		--	--	--	--	246,433,125

(1) Does not include the 2018 Funding Agreement (defined below), which, once approved and signed, adds an additional $1.0 million per year to the County's general obligation debt service from 2018 through 2048.

The County has approved the execution of a mutually acceptable agreement (the "2018 Funding Agreement") with the BJCC Authority in connection with a major expansion of a civic center convention complex located in and for the benefit of the City of Birmingham, Alabama and the County (the "BJCC"). The expansion consists of the renovation of Legacy Arena and the BJCC Authority's existing convention and meeting space and construction of a new open-air stadium to provide an additional venue for convention, sports and entertainment events, including football games for UAB.

Pursuant to the 2018 Funding Agreement, the County would agree to make payments to the BJCC Authority over a 30 year period in the amount of $1,000,000 per year for a total of $30,000,000 of payments from the County. The County expects such payments to be made in 60 equal semi-annual installments due each March and September during the term of the 2018 Funding Agreement. The County's payment obligations will constitute general obligations of the County secured by the full faith and credit of the County (just like with respect to the Series 2018 Warrants).

The 2018 Funding Agreement is expected to be authorized pursuant to Amendment No. 772 of the Alabama Constitution, recodified as Section 94.01 of the Official Recompilation of the Constitution of Alabama of 1901 ("Amendment 772"). Under Amendment 772, certain counties and municipalities in Alabama may become indebted and issue bonds, warrants, notes, and other obligations in an amount not exceeding 50% of the assessed value of the taxable property located within its corporate limits in furtherance of any of the economic development powers or authorities granted in such amendment. Obligations authorized under Amendment 772 are not chargeable against the constitutional debt limitation determined under the Alabama Constitution described below.

Constitutional Debt Limit

The Alabama Constitution provides that no county shall become indebted in an amount greater than five per cent (5%) of the assessed value of the property located therein. The net assessed value of taxable property in the County (including motor vehicles) as assessed for the tax year for which taxes became due and payable on October 1, 2017, is $9,782,515,676. Consequently, the constitutional debt limitation applicable to the County following issuance of the Series 2018-A Warrants and Series 2018-B Warrants is $336,985,784, as follows:

Jefferson County
Statement of Constitutional Debt Margin

Net assessed value of taxable property (as of September 30, 2017)	$9,782,515,676
Constitutional debt limit (5% of net assessed value)	489,125,784
Total indebtedness chargeable against debt limit:	
Series 2013-A Warrants	6,275,000
Series 2013-C Warrants	6,190,000
Series 2018-A Warrants	111,360,000
Series 2018-B Warrants	26,815,000
Other Long-term notes, capital leases, etc., not more than	1,500,000
Total	152,140,000
Constitutional debt margin	$336,985,784

Debt Ratios

Population(1)	659,096
Assessed Value of Taxable Property as of September 30, 2017	$9,782,515,676
General Obligation Debt	$152,140,000
General Obligation Debt Per Capita	$230.83
Ratio of General Obligation Debt to Assessed Value	1.56%

(1) U.S. Census Bureau (2016)

County Financial Policies

General. The Commission adopted a comprehensive set of fiscal policies (collectively, the "Fiscal Policies") on September 28, 2011. The following information reflects certain elements of those of the Fiscal Policies presently in place, and recent actions of the Commission pursuant to the guidelines set forth in such Fiscal Policies.

The County's fiscal year begins October 1 and ends on September 30. The main sources of income for the County are property taxes, sales taxes, licenses and permits and intergovernmental revenues. In addition to governmental revenues, the County also generates income for its enterprise funds through collection of rates and charges for related services.

The County Manager and the Chief Financial Officer bear primary responsibility for the major financial functions of the County. The County Manager reports directly to the Commission.

The Chief Financial Officer ("CFO") is the County's chief fiscal and accounting officer. The duties associated with this role include the preparation and maintenance of accurate books and records, the custody and supervision of County funds, the preparation of annual budgets, management of County debt obligations, and the management of the investment of County money. The CFO also recommends financial policies to the County Manager and implements policies as set by the Manager.

The County Tax Assessor and the Tax Collector are elected officials in charge of the assessment, levying, collection and distribution of ad valorem taxes within the County. The Treasurer is also an elected official, whose primary responsibilities include managing the receipt of funds into various bank accounts, reconciling and reporting on monthly funds, and managing the investment of funds which the Treasurer's department oversees. The Treasurer is also by state law the treasurer of the Pension System.

Budgeting and Audited Financial Statements. The CFO is responsible for the preparation of the annual budgets of the County. Budgets for governmental funds are prepared on the modified accrual basis. The modified accrual basis means that County obligations are recognized as expenditures but revenues are only recognized when they become measurable and available. The budgets of proprietary funds are prepared on the accrual basis of accounting. Budgets may be adjusted during the fiscal year when approved by the Commission, but changes to the budget must be within the revenues and reserves estimated to be available.

The County provides audited financial statements on an annual basis. The firm of Warren Averett, LLC has performed audits of the County's financial statements since fiscal year 2007. The audited financial statements of the County provide certain unaudited comparisons of revenue and expenditures on a GAAP basis to the budget.

In fiscal year 2015, the Commission commenced and successfully completed a software implementation project to port its existing financial system to a Munis ERP software solution delivered by Tyler Technologies, Inc. The Munis system significantly improves the Commission's ability to access real-time, relevant data regarding the County's finances. In addition, the Munis implementation improves the Commission's reporting capabilities for long-term debt related continuing disclosure and other purposes.

Expenditure Policies. The County has implemented a performance-based budgeting system with special emphasis on labor costs.

The Commission, County Manager and the CFO have made significant progress in paring back activities requiring subsidies from the General Fund. During that time, the nursing home was sold, future costs associated with laundry operations have been sold or eliminated, and Cooper Green Hospital was converted from an inpatient hospital to an urgent care facility and clinic.

Debt Issuance. The Series 2018 Warrants will be the first issuance of general obligation indebtedness of the County since emerging from bankruptcy. The Bessemer Facilities were financed in 2006 through the issuance of the 2006 PBA Warrants, and the County has been obligated, on an annual appropriation basis, for that debt through a lease of the said building heretofore described as the "Bessemer Lease" and subsequently the "New Bessemer Lease". See "Debt Management- *Limited Tax and Revenue Bonds and Warrants"* above. Other than the Bessemer Lease respecting the Bessemer Facilities, the County has been on a "pay-as-you-go" basis since 2004 for capital improvements.

The Commission does not at the present time plan to access the debt market for General Fund needs.

Investment Monitoring and Management. The County has several types of investment funds including revenue funds, bond proceeds funds, capital funds, and pension funds. Generally, State statutes authorize the County to invest in obligations of the U.S. Treasury and securities of federal agencies and certificates of deposit. Investments are reported at fair value based on quoted prices except for money market investments and repurchase agreements, which are reported at amortized cost. The primary objective of the investment program is safety.

In accordance with formal Investment Policies adopted by the Commission in January, 2011, the County has a designated Investment Committee to monitor investment decisions made by or on behalf of the County. The Investment Committee consists of the County Finance Committee Chairman, the County Manager, the County Treasurer, the Tax Collector (Birmingham), the Tax Collector (Bessemer), and the Revenue Commissioner. The Commission makes decisions based on recommendations from the Investment Committee.

The Commission maintains an investment policy which manages its exposure to market movements by limiting the average maturity of its investment portfolio, depending on liquidity and growth goals, to between 0.5 and 4.5 years.

The Commission has set strict limits on the types of derivatives and illiquid investments allowable for use in its investment program. Generally, derivatives are to be avoided, and a list of prohibited investments may be found in the Fiscal Policies.

Pension funds are administered by the Pension System, which covers substantially all of the County's employees and was established by Alabama law in 1965. The Commission does not manage funds in the Pension System. See "Employee Retirement Plan" above.

Economic Development. The Commission is keenly interested in developing the economic base of the County, and it has a policy of employing incentives to encourage economic growth. However, incentives are limited to enterprises that enhance the employment base or assessed valuation of the County, increase the infrastructure of the County, or increase access to other public services. The Commission makes decisions regarding economic development based on recommendations from the Economic Development Committee and a finding thereby that the project for which the incentive is being made constitutes a good and sufficient public purpose for the expenditure of public funds. In addition, funding for incentives must be identified in advance of approval. The County's budget includes approximately $10.0 million each year for economic development.

Pension and Retirement Funding. Annual required contributions for current pension liabilities are to be funded on an annual basis. The County also provides certain other-than-pension post-employment benefits ("OPEB") for qualified retired employees. The County's goal with regard to OPEBs is to maintain and manage a non-fiduciary OPEB fund that will be funded periodically with such allocations as are approved by the Commission until the balance of the OPEB fund is equal to its OPEB liability. Net OPEB obligation for the fiscal year ended September 30, 2017, was $17,416,000. The actuarial valuation of the Pension System was funded at 109.8% as of the October 1, 2017 actuarial valuation.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF JEFFERSON COUNTY
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2017

JEFFERSON COUNTY COMMISSION

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

Warren Averett
CPAs AND ADVISORS

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SUPPLEMENTARY INFORMATION

ADDITIONAL INFORMATION

JEFFERSON COUNTY COMMISSION

TONY PETELOS
Chief Executive Officer

JAMES A. "JIMMIE" STEPHENS – PRESIDENT
SANDRA LITTLE BROWN – PRESIDENT PRO TEMPORE
GEORGE F. BOWMAN
DAVID CARRINGTON
T. JOE KNIGHT

FINANCE DEPARTMENT
JOHN S. HENRY CPA, CTP
Chief Financial Officer
716 Richard Arrington, Jr. Blvd. N. Suite 820
Birmingham, Alabama 35203

March 23, 2018

We are pleased to submit the Jefferson County Commission's (the "Commission") Financial Statements for the fiscal year ended September 30, 2017 along with the Independent Auditors' Report. This report was prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) for the purpose of disclosing the Commission's financial condition to its residents, elected officials and other interested parties.

Introduction

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Commission. We believe the data presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Commission and that the disclosures necessary to enable the reader to gain an understanding of the Commission's financial affairs have been included.

Warren Averett, LLC, Certified Public Accountants, have issued an unmodified opinion on the Commission's financial statements for the year ended September 30, 2017. The Independent Auditors' Report is located at the front of the financial section of this report.

Adherence to GAAP

GAAP requires that the Commission provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). Due to the Commission's past economic issues and the resulting litigation described in *Chapter 9 Bankruptcy* below, the Commission elected to forego providing MD&A in conjunction with Financial Statements provided in prior years. The Commission has elected to forego providing MD&A for its fiscal year 2017 Financial Statements.

Profile of Jefferson County

Jefferson County (the "County") is a political subdivision of the State of Alabama ("Alabama" or the "State") that was created by the legislative branch of the state government of Alabama (the "Alabama Legislature") on December 13, 1819. The County is located in the north-central portion of the State, on the southern extension of the Appalachian Mountains, in the center of the iron, coal, and limestone belt of the South. The County is approximately 1,047 square miles in size.

The County is Alabama's most populous county and is the principal center of finance, trade, manufacturing, transportation, health care and education in the State. Birmingham, the State's largest city and the county seat, and 43 other incorporated and unincorporated cities and towns are located within the County.

Government

The County is governed by a five (5) member Commission (each member, a "Commissioner", who is elected concurrently with the other members of the Commission). Each Commissioner serves and is elected from one of five geographical districts. Each Commissioner serves as the chair of one of the Commission's standing committees, which are identified as (1) Health Services and General Services, (2) Community Services and Roads and Transportation, (3) Finance and Information Technology, (4) Courts, Emergency Management, Land Planning and Development Services and (5) Administrative Services. All five Commissioners sit on each of the five standing committees. The standing committees exist to evaluate proposed items of Commission business and to advance or decline to advance such items to the agenda for a Commission meeting. Committees and their members have no operational responsibilities of the County - those responsibilities are expressly delegated to the County Manager under applicable state law.

The Commissioners elect one of their members to serve as President of the Commission at the beginning of each four-year Commission term. The President's duties include serving as presiding officer at all Commission meetings, executing all contracts and other agreements which require approval of the Commission and executing all checks and/or warrants on the Commission accounts.

In 2009, the Alabama Legislature passed legislation directing the Commission to hire a county manager (the "County Manager") to serve as the County's chief executive officer. The County Manager has day-to-day management authority for the County's operations, a responsibility that previously had been borne by the Commissioners themselves, on top of their legislative functions. Centralizing the executive functions of the County in the County Manager's office has resulted in substantial efficiencies and improvements in the County's operations. The County Manager oversees the implementation of authorized projects and programs, ensures appropriate coordination of departmental operations, analyzes and implements organizational changes to improve the efficient and economical operation of County government, and recommends policies and adopts procedures for the orderly conduct of the County's administrative affairs.

The County Manager's office is also charged with the County's budget planning and oversight process, which entails reviewing and evaluating budget estimates of all County departments, submitting an annual budget to the Commission for its review and approval, reviewing County revenues and expenditures throughout the year to insure budgetary control and to keep the Commission advised of the financial condition and needs of the County, implementing necessary and prudent fiscal controls, and providing recommendations as to supplemental appropriations and budget transfers which require Commission approval. The County Manager attends all Commission meetings, where he, as County Manager, may discuss any matter before the Commission, although he has no vote on Commission matters.

The budget for the County consists of an operating budget for each of the funds maintained by the County. Together, these separate operating budgets constitute a complete financial plan for the County and reflect the projection of the receipts, disbursements and transfers from all sources. All of the operating budgets are developed by the County Manager, who reviews and evaluates budget estimates from the County's various departments and then submits the recommended annual budget to the Commission. Under Alabama law, the County Manager is charged with causing the planning process for the County's budget to be compatible with approved County policies and long range plans.

Upon submission of the proposed budgets by the County Manager, the Commission holds public meetings at which the requests of the individual County departments recommended by the County Manager are fully reviewed. After conclusion of the meetings, the Commission may add new expenditures or increase, decrease or delete expenditures in the proposed budgets, provided that expenditures for debt service or any other expenditure required by law to be included may not be deleted from the budgets. The Commission is prohibited by law from adopting budgets in which the total of expenditures exceeds the estimated total receipts and available surplus.

The Commission is required to adopt the annual budgets before October 1 of the fiscal year in which the budgets are to take effect. Upon adoption by the Commission, the budgets are printed for distribution to all departments of the County, as well as financial institutions and the general public. Appropriations in addition to those in the original budgets may be made by the Commission if unencumbered and unappropriated moneys sufficient to meet such appropriations are available.

Local Economy

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.

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 ranked eighteenth nationally in federally financed research among public universities in 2015.

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).

Mercedes-Benz, Honda and Hyundai have major automobile assembly facilities within an eighty-five mile radius of the County. The region's economy has benefited from its proximity to these major manufacturing facilities, as several automotive suppliers have established businesses in the area.

Fiscal Policies

The Commission adopted a comprehensive set of fiscal policies (collectively, the "Fiscal Policies") on September 28, 2011. The following information reflects certain elements of those of the Fiscal Policies presently in place, and recent actions of the Commission pursuant to the guidelines set forth in such Fiscal Policies.

The County's fiscal year begins October 1 and ends on September 30. The main sources of income for the County are property taxes, sales taxes, licenses and permits and intergovernmental revenues. In addition to governmental revenues, the County also generates income for its enterprise funds through collection of rates and charges for related services.

The County Manager and the Chief Financial Officer (the "CFO") bear primary responsibility for the major financial functions of the County. The County Manager reports directly to the Commission. The CFO is the County's fiscal and chief accounting officer. The duties associated with this role include the preparation and maintenance of accurate books and records, the custody and supervision of County funds, the preparation of annual budgets, management of County debt obligations, and the management of the investment of County money. The CFO also recommends financial policies to the County Manager and implements policies as set by the County Manager.

The County Tax Assessor and the Tax Collector are elected officials in charge of the assessment, levying, collection and distribution of ad valorem taxes within the County. The Treasurer is also an elected official, whose primary responsibilities include managing the receipt of funds into various bank accounts, reconciling and reporting on monthly funds, and managing the investment of funds which the Treasurer's department oversees. The Treasurer is also by state law the treasurer of the Pension System.

Chapter 9 Bankruptcy

On November 9, 2011, the Commission filed a petition for relief under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Proceeding") in the United States Bankruptcy Court for the Northern District of Alabama (the "Bankruptcy Court"). The Bankruptcy Proceeding was styled *In re: Jefferson County, Alabama, Case No. 11-05736-9*. On November 6, 2013, the Commission filed a Chapter 9 Plan of Adjustment with the Bankruptcy Court, which further modified the Commission's Chapter 9 Plan of Adjustment originally filed with the Bankruptcy Court on June 30, 2013 (as subsequently further supplemented, amended, or modified, the "Plan"). The Bankruptcy Court held a hearing on confirmation of the Plan on November 20-21, 2013, and entered an order confirming the Plan on November 22, 2013 (the "Confirmation Order"). Upon entry by the Bankruptcy Court, the Confirmation Order became immediately effective and enforceable. On December 3, 2013, the Commission proceeded with consummation of substantially all the transactions contemplated by the Plan, and all other conditions to the effectiveness of the Plan were either satisfied or waived. Pursuant to the Commission's Plan, many litigation matters to which the Commission had been a party were compromised, settled and dismissed with prejudice, and the underlying claims against the Commission discharged, as of the December 3, 2013 "Effective Date" of the Plan. An appeal of the order confirming the Plan has been filed with the U.S. District Court for the Northern District of Alabama (the "District Court") and remains pending. The Commission has moved to dismiss that appeal on the grounds that, among other things, the appeal is moot. The Commission subsequently asked the District Court to certify its ruling for interlocutory appeal to the United States Court of Appeals for the Eleventh Circuit (the "11th Circuit"). On December 2, 2014 the District Court certified its order for appeal on the issues 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 the Commission permission to appeal. The County and the appellants completed their briefing and the 11th Circuit heard oral argument on the merits of the County's appeal on December 16, 2016. The 11th Circuit has not yet ruled on the County's appeal.

See Note T (Bankruptcy Settlement and Confirmation) for more details on the Commission's Chapter 9 bankruptcy.

Copies of the Plan and the related disclosure statement can be found on the website of the Commission's Claims and Noticing Agent and Ballot Tabulator, Kurtzman Carson Consultants LLC, at http://www.jeffersoncountyrestructuring.com.

Financial Highlights

- In fiscal year 2016, the Commission fully implemented the Munis ERP software solution developed by Tyler Technologies, Inc. The Commission is in the second year of fully utilizing the Munis ERP software. As the Commission has increased its working knowledge of the software this has allowed the Commission to efficiently provide financial data as required as well as improve the Commission's reporting capabilities for general fund activities, sewer activities and the indigent care fund.

- The Unassigned General Fund Balance for the year ended September 30, 2017 was $84.6 million, which was approximately 50.3 percent of General Fund Operating Expenditures for fiscal year 2017.

- The Sanitary Operations Fund reported a Net Position at September 30, 2017 of $742.8 million. Sanitary Operations Fund Revenue increased to $218.6 million for the year ended September 30, 2017 from $199.8 million for the year ended September 30, 2016.

- The Commission ended the fiscal year with a General Fund balance of $130.1 million. In the prior year financial statements, the Commission reported a General Fund balance of $121.8 million.

- During the fiscal year, the Commission issued $338.9 million of Limited Obligation Refunding Warrants. The series 2017 refunding warrants were issued for the purpose of refunding the Commission's Limited Obligation School Warrants, series 2004-A and 2005-A. The warrants have a final maturity of 09/15/2042. The warrants were issued resulting in a True Interest Cost (TIC) of 3.38%. The refunding will allow the Commission to add additional revenue to the general fund once debt service is satisfied on an annual basis.

- In June 2015, the Governmental Accounting Standards Board (GASB) released new accounting standards for public sector postretirement benefit programs and the employers (the Commission) that sponsor them. This updated standard is referred to as GASB 75 and establishes measurement criteria for the other postemployment benefits (OPEB) liability of state and local governments. The statement intends to improve financial reporting by requiring recognition of the total OPEB liability on the balance sheet of the employer. This will have a material impact on the financial statements.

Request for Information

This report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Jefferson County Finance Department, Jefferson County Courthouse - Suite 810, 716 Richard Arrington Jr. Blvd. North, Birmingham, AL 35203. The report is accessible on the County's web site at http://jeffconline.jccal.org/.

Respectfully Submitted,

John S. Henry, CPA, CTP
Chief Financial Officer

Warren Averett
CPAs AND ADVISORS

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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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 92 through 95 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 Governmental Accounting Standards Board (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.

The Commission has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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, 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The transmittal letter has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Warren Averett, LLC

Birmingham, Alabama
March 23, 2018

JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017
(IN THOUSANDS)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and investments	$ 156,235	$ 11,761	$ 167,996
Accounts receivable, net	4,162	25,514	29,676
Taxes receivable, net	180,873	5,832	186,705
Patient accounts receivable, net	166	-	166
Due from other governments	-	864	864
Prepaid expenses and other current assets	310	-	310
Bond insurance costs	13	985	998
Restricted assets – current	8,262	363,281	371,543
Total Current Assets	350,021	408,237	758,258
Noncurrent Assets			
Advances due from (to) other funds	21,751	(21,751)	-
Investments – property held for sale	-	12,189	12,189
Bond insurance costs	95	32,483	32,578
Loans receivable, net	17,541	-	17,541
Net pension asset	61,934	10,806	72,740
Restricted assets	11,849	219	12,068
Capital assets:			
Depreciable assets, net	276,152	2,183,365	2,459,517
Nondepreciable assets	50,405	130,148	180,553
	439,727	2,347,459	2,787,186
Deferred Outflows of Resources			
Pension-related deferred outflows	21,063	3,675	24,738
	$ 810,811	$ 2,759,371	$ 3,570,182

See notes to financial statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Governmental Activities	Business-Type Activities	Total
Current Liabilities			
Accounts payable	$ 23,564	$ 22,610	$ 46,174
Deposits payable	1,563	-	1,563
Unearned revenue	57	-	57
Accrued wages and benefits	5,820	833	6,653
Accrued interest	7,222	35,863	43,085
Retainage payable	517	-	517
Due to other governments	5,502	-	5,502
Estimated liability for compensated absences	6,812	1,238	8,050
Estimated litigation liability	2,378	262	2,640
Estimated claims liability	2,027	519	2,546
Estimated third-party payor settlements	322	-	322
Warrants payable	29,415	12,995	42,410
Add: Unamortized premiums (discounts)	4,042	(973)	3,069
	33,457	12,022	45,479
Total Current Liabilities	89,241	73,347	162,588
Noncurrent Liabilities			
Capital lease obligations	167	-	167
Estimated liability for landfill closure and postclosure care costs	-	14,604	14,604
Estimated liability for other postemployment benefits	13,435	3,792	17,227
Estimated liability for compensated absences	11,813	2,196	14,009
Estimated litigation liability	15,402	-	15,402
Estimated claims liability	3,105	1,201	4,306
Warrants payable	491,330	1,947,669	2,438,999
Add: Unamortized premiums (discounts)	44,157	(32,082)	12,075
	535,487	1,915,587	2,451,074
Total Liabilities	668,650	2,010,727	2,679,377
Deferred Inflows of Resources			
Property taxes	135,870	6,083	141,953
Gain on refunding of warrants, net	11,576	-	11,576
Pension-related deferred inflows	2,079	363	2,442
Net Position			
Net investment in capital assets	279,420	419,372	698,792
Restricted for:			
Debt service or capital improvements	57	363,281	363,338
Debt service	6,530	-	6,530
Closure and postclosure care	-	219	219
Net pension asset and deferred outflows/inflows	80,918	14,118	95,036
Other purposes	83,876	-	83,876
Unrestricted	(458,165)	(54,792)	(512,957)
	$ (7,364)	$ 742,198	$ 734,834

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(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	$ 136,383	$ (6,141)	$ 30,329	$ 14,346	$ -	$ (85,567)	$ -	$ (85,567)
Public safety	76,685	-	-	-	-	(76,685)	-	(76,685)
Highways and roads	36,979	-	544	1,078	2,783	(32,574)	-	(32,574)
Health and welfare	62,229	2,137	1,723	636	-	(62,007)	-	(62,007)
Community development	5,514	-	-	3,807	3,675	1,968	-	1,968
Education	69,000	-	-	-	-	(69,000)	-	(69,000)
Interest and fiscal charges	30,347	-	-	-	-	(30,347)	-	(30,347)
Total Governmental Activities	417,137	(4,004)	32,596	19,867	6,458	(354,212)	-	(354,212)
Business-Type Activities:								
Economic and Industrial Development Authority	1,006	-	-	-	-	-	(1,006)	(1,006)
Landfill operations	3,413	17	-	-	-	-	(3,430)	(3,430)
Sanitary operations	325,356	3,798	210,709	-	7,180	-	(111,265)	(111,265)
Total Business-Type Activities	329,775	3,815	210,709	-	7,180	-	(115,701)	(115,701)
Total Primary Government	$ 746,912	$ (189)	$ 243,305	$ 19,867	$ 13,638	(354,212)	(115,701)	(469,913)
General Revenues and Transfers								
Taxes:								
Property taxes						109,506	6,309	115,815
Sales tax						204,634	-	204,634
Other taxes						8,337	-	8,337
Licenses and permits						11,815	-	11,815
Unrestricted investment earnings						1,000	2,009	3,009
Miscellaneous						18,628	3,284	21,912
Transfers to agency funds						(2,946)	-	(2,946)
Total General Revenues and Transfers						350,974	11,602	362,576
Change in Net Position						(3,238)	(104,099)	(107,337)
Net Position – Beginning of Year						(4,126)	846,297	842,171
Net Position – End of Year						$ (7,364)	$ 742,198	$ 734,834

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
BALANCE SHEET –
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017
(IN THOUSANDS)

ASSETS	General Fund	Limited Obligation School Fund	Indigent Care Fund	Bridge and Public Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and investments	$ 98,521	$ -	$ 15,464	$ 1,830	$ 40,420	$ 156,235
Accounts receivable, net	1,859	-	-	-	2,303	4,162
Taxes receivable, net	76,560	10,968	8,513	42,498	23,769	162,308
Taxes receivable, net, highways and roads	-	-	-	-	18,565	18,565
Patient accounts receivable, net	-	-	166	-	-	166
Prepaid expenses and other current assets	-	-	310	-	-	310
Restricted assets	11,849	2,253	-	-	6,009	20,111
Advances due from (to) other funds	21,141	-	-	-	610	21,751
	$ 209,930	$ 13,221	$ 24,453	$ 44,328	$ 91,676	$ 383,608
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 10,658	$ -	$ 9,083	$ -	$ 3,823	$ 23,564
Deposits payable	-	-	-	-	1,563	1,563
Unearned revenue	-	-	57	-	-	57
Accrued wages and benefits	4,509	-	459	-	852	5,820
Retainage payable	-	-	-	-	517	517
Due from (to) other governments	(1,687)	-	-	-	7,189	5,502
Estimated third-party payor settlements	-	-	322	-	-	322
Estimated litigation liability	1,255	-	11	-	1,112	2,378
Estimated claims liability	1,019	-	112	-	212	1,343
Total Liabilities	15,754	-	10,044	-	15,268	41,066
Deferred Inflows of Resources						
Property taxes	64,088	-	-	44,328	27,454	135,870
Fund Balances						
Nonspendable	21,141	-	310	-	8,883	30,334
Restricted	11,849	13,221	14,099	-	28,568	67,737
Assigned	12,544	-	-	-	22,068	34,612
Unassigned	84,554	-	-	-	(10,565)	73,989
	130,088	13,221	14,409	-	48,954	206,672
	$ 209,930	$ 13,221	$ 24,453	$ 44,328	$ 91,676	$ 383,608

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017
(IN THOUSANDS)

Total Fund Balances – Governmental Funds		$ 206,672
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.		326,557
Loans receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		17,541
Amounts related to premiums on long-term liabilities are not reported in the funds.		(48,199)
Amounts related to bond insurance costs on long-term liabilities are not reported in the funds.		108
Amounts related to deferred inflows from gain on refunding of long-term liabilities are not reported in the funds.		(11,576)
Net pension asset and pension-related deferred outflows and inflows are not reported in the funds		80,918
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	(520,745)	
Capital lease obligations	(167)	
Accrued interest	(7,222)	
Estimated liability for other postemployment benefits	(13,435)	
Estimated liability for compensated absences	(18,625)	
Estimated litigation liability	(15,402)	
Estimated claims liability	(3,789)	
Total long-term liabilities		(579,385)
Total Net Position – Governmental Activities		$ (7,364)

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, 2017
(IN THOUSANDS)

	General Fund	Limited Obligation School Fund	Indigent Care Fund	Bridge and Public Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 92,544	$ 91,140	$ 53,661	$ 45,337	$ 39,793	$ 322,475
Licenses and permits	9,759	-	-	-	2,056	11,815
Intergovernmental	7,616	-	-	785	15,141	23,542
Charges for services, net	30,172	-	1,723	-	701	32,596
Miscellaneous	6,434	-	505	-	9,524	16,463
Interest and investment income	129	600	-	125	146	1,000
	146,654	91,740	55,889	46,247	67,361	407,891
Expenditures						
Current:						
General government	99,964	58	-	-	11,174	111,196
Public safety	74,303	-	-	-	-	74,303
Highways and roads	-	-	-	8,544	21,705	30,249
Health and welfare	-	-	57,005	-	3,401	60,406
Community development	-	-	-	-	5,505	5,505
Education	-	69,000	-	-	-	69,000
Capital outlay	-	-	775	-	21,293	22,068
Indirect expenses	(6,241)	-	2,137	-	100	(4,004)
Debt service:						
Principal retirement	-	517,785	-	-	23,045	540,830
Interest and fiscal charges	10	24,382	-	-	11,860	36,252
	168,036	611,225	59,917	8,544	98,083	945,805
Excess (Deficiency) of Revenues over Expenditures	(21,382)	(519,485)	(4,028)	37,703	(30,722)	(537,914)
Other Financing Sources (Uses)						
Sale of capital assets	6	-	-	-	2,159	2,165
Issuance of refunding warrants	-	-	-	-	338,925	338,925
Premium on warrants	-	-	-	-	45,064	45,064
Transfers in	32,597	382,097	-	-	15,492	430,186
Transfers out	(2,946)	-	(3,500)	(37,703)	(388,983)	(433,132)
	29,657	382,097	(3,500)	(37,703)	12,657	383,208
Net Changes in Fund Balances	8,275	(137,388)	(7,528)	-	(18,065)	(154,706)
Fund Balances – Beginning of Year	121,813	150,609	21,937	-	67,019	361,378
Fund Balances – End of Year	$ 130,088	$ 13,221	$ 14,409	$ -	$ 48,954	$ 206,672

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, 2017
(IN THOUSANDS)

Net Changes in Fund Balances – Governmental Funds		$ (154,706)
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 ($22,068) exceeded depreciation ($21,374) in the current period.		694
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:		
Change in loans receivable		(1,337)
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	2,747	
Amortization of bond insurance costs	(228)	
Amortization of gain on refunding of warrants	258	
Proceeds from issuance of long-term debt	(383,989)	
Repayments of principal – warrants payable	540,830	159,618
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	3,129	
Change in other postemployment benefits	(2,363)	
Change in compensated absences	(1,135)	
Change in estimated litigation liability	(694)	
Change in claims liability	(783)	(1,846)
Change in net pension asset and change in pension – related deferred outflows and inflows are not reported in the funds		(1,995)
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	2,783	
Loss on disposal of capital assets	(6,449)	(3,666)
Change in Net Position – Governmental Activities		$ (3,238)

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2017
(IN THOUSANDS)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Current Assets			
Cash and investments	$ 9,641	$ 2,120	$ 11,761
Accounts receivable, net	25,224	290	25,514
Taxes receivable, net	5,832	-	5,832
Due from (to) other governments	2,164	(1,300)	864
Bond insurance costs	985	-	985
Restricted assets – current	363,281	-	363,281
Total Current Assets	407,127	1,110	408,237
Noncurrent Assets			
Advances due to other funds	-	(21,751)	(21,751)
Investments – property held for sale	-	12,189	12,189
Restricted assets	-	219	219
Bond insurance costs	32,483	-	32,483
Net pension asset	10,806	-	10,806
Capital assets:			
Depreciable assets, net	2,169,045	14,320	2,183,365
Nondepreciable assets	122,241	7,907	130,148
	2,334,575	12,884	2,347,459
Deferred Outflows of Resources			
Pension-related deferred outflows	3,675	-	3,675
	$ 2,745,377	$ 13,994	$ 2,759,371

See notes to financial statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Current Liabilities			
Accounts payable	$ 22,576	$ 34	$ 22,610
Accrued wages and benefits	833	-	833
Accrued interest	35,863	-	35,863
Estimated liability for compensated absences	1,238	-	1,238
Estimated litigation liability	262	-	262
Estimated claims liability	519	-	519
Warrants payable	12,995	-	12,995
Less: Unamortized discounts	(973)	-	(973)
	12,022	-	12,022
Total Current Liabilities	73,313	34	73,347
Noncurrent Liabilities			
Estimated liability for landfill closure and postclosure care costs	-	14,604	14,604
Estimated liability for other postemployment benefits	3,792	-	3,792
Estimated liability for compensated absences	2,196	-	2,196
Estimated claims liability	1,201	-	1,201
Warrants payable	1,947,669	-	1,947,669
Less: Unamortized discounts	(32,082)	-	(32,082)
	1,915,587	-	1,915,587
Total Liabilities	1,996,089	14,638	2,010,727
Deferred Inflows of Resources			
Property taxes	6,083	-	6,083
Pension-related deferred inflows	363	-	363
Net Position			
Net investment in capital assets	397,145	22,227	419,372
Restricted for:			
Debt service or capital improvements	363,281	-	363,281
Closure and postclosure care	-	219	219
Net pension assets and deferred outflows/inflows	14,118	-	14,118
Unrestricted	(31,702)	(23,090)	(54,792)
	$ 742,842	$ (644)	$ 742,198

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, 2017
(IN THOUSANDS)

	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Operating Revenues			
Taxes	$ 6,309	$ -	$ 6,309
Intergovernmental	108	-	108
Charges for services, net	210,709	-	210,709
Other operating revenue	1,495	1,681	3,176
	218,621	1,681	220,302
Operating Expenses			
Salaries	19,821	260	20,081
Employee benefits and payroll taxes	8,834	18	8,852
Maintenance	7,831	-	7,831
Materials and supplies	3,815	-	3,815
Utilities	8,564	55	8,619
Outside services	4,426	169	4,595
Office expenses	5,979	110	6,089
Depreciation	140,636	2,173	142,809
Closure and postclosure care	-	1,332	1,332
Indirect expenses	3,798	17	3,815
	203,704	4,134	207,838
Operating Income (Loss)	14,917	(2,453)	12,464
Nonoperating Revenues (Expenses)			
Interest expense, net	(70,191)	(302)	(70,493)
Interest expense (accretion)	(53,353)	-	(53,353)
Interest revenue	1,908	101	2,009
Warrant related costs	(1,906)	-	(1,906)
Contributions of infrastructure assets	7,180	-	7,180
	(116,362)	(201)	(116,563)
Change in Net Position	(101,445)	(2,654)	(104,099)
Net Position – Beginning of Year	844,287	2,010	846,297
Net Position – End of Year	$ 742,842	$ (644)	$ 742,198

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(IN THOUSANDS)

	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Cash Flows from Operating Activities			
Cash received from services	$ 208,101	$ 67	$ 208,168
Cash payments to employees	(26,444)	(278)	(26,722)
Cash payments for goods and services	(20,895)	(338)	(21,233)
Other receipts and payments, net	8,149	312	8,461
Net Cash Provided (Used) by Operating Activities	168,911	(237)	168,674
Cash Flows from Capital and Related Financing Activities			
Repayment of warrants payable	(7,345)	-	(7,345)
Acquisition of capital assets	(80,118)	(4)	(80,122)
Sale of capital assets	-	1,100	1,100
Interest paid	(70,375)	(302)	(70,677)
Net Cash Provided (Used) by Capital and Related Financing Activities	(157,838)	794	(157,044)
Cash Flows from Investing Activities			
Investment income	1,908	101	2,009
Net Cash Provided by Investing Activities	1,908	101	2,009
Change in Cash and Investments	12,981	658	13,639
Cash and Investments – Beginning of Year	359,941	1,681	361,622
Cash and Investments – End of Year	$ 372,922	$ 2,339	$ 375,261
Displayed As			
Cash and investments	$ 9,641	$ 2,120	$ 11,761
Restricted assets – current and noncurrent cash and investments	363,281	219	363,500
	$ 372,922	$ 2,339	$ 375,261

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(IN THOUSANDS)
(Continued)

	Sanitary Operations Fund	Nonmajor Enterprise Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ 14,917	$ (2,453)	$ 12,464
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	140,636	2,173	142,809
Gain on sale of property	-	(320)	(320)
Provision for bad debts	1,269	-	1,269
Change in accounts receivable	(4,834)	(22)	(4,856)
Change in taxes receivable, net	(25)	-	(25)
Change in due from (to) other governments	957	-	957
Change in advances due to other funds	-	(924)	(924)
Change in accounts payable	13,518	13	13,531
Change in accrued wages and benefits	11	-	11
Chang in estimated litigation liability	262	-	262
Change in estimated claims liability	176	-	176
Change in estimated liability for compensated absences	88	-	88
Change in estimated liability for landfill closure and postclosure care costs	-	1,296	1,296
Change in estimated liability for other postemployment benefits	872	-	872
Change in net pension asset and pension related deferred inflows and outflows	1,057	-	1,057
Change in deferred inflows – property taxes	7	-	7
	153,994	2,216	156,210
Net Cash Provided (Used) by Operating Activities	$ 168,911	$ (237)	$ 168,674

See notes to financial statements.

JEFFERSON COUNTY COMMISSION
STATEMENT OF FIDUCIARY NET POSITION –
AGENCY FUNDS
SEPTEMBER 30, 2017
(IN THOUSANDS)

ASSETS AND DEFERRED OUTFLOWS

Current Assets		
Cash and investments	$	2,376
Net pension asset		3,121
Property and equipment, net		1,278
		6,775
Pension-related deferred outflows		1,061
	$	7,836

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Accounts payable	$	145
Accrued employee expenses		1,483
Due to other governments		6,103
		7,731
Pension-related deferred inflows		105
Net position		-
	$	7,836

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 2017, 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.

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.
- *Limited Obligation School Fund* – This fund was used to account for the educational sales tax collected for the payment of principal and interest on the Limited Obligation School Warrants until the Warrants were refunded in July 2017. After the refunding, only delinquent amounts of educational sales tax assessed in prior months are continuing to be collected in this fund.
- *Indigent Care Fund* – This 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 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.
- *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.
- *2017 Limited Obligation School Fund* – This fund is used to account for the payment of principal and interest on the 2017 series Limited Obligation School Warrants after the Warrants were refunded in July 2017.
- *Capital Improvements Fund* – This fund is used to account for the financial resources used in the improvement of major capital facilities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- *Special Sales Tax Revenue Fund* – This fund is used to account for the educational sales tax collected and distributed in accordance with Article 9 of the trust indenture dated July 1, 2017 for the payment of principal and interest on the 2017 series Limited Obligation School Warrants.
- *Public Building Authority* – This fund is used to account for the operations of the Jefferson County Public Building Authority. This authority was incorporated in 1998 for the general purpose of providing public facilities for the use of the Commission and its agencies.
- *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.
- *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.
- *Economic Development Fund* – This fund is used to account for the expenditures of the Workforce Investment Act.
- *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.

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 an Investment Policy (adopted January 25, 2011) 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 Standard & Poor's Ratings Services (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, 2017, is comprised of the following:

	Indigent Care Fund
Patient receivables	$ 8,995
Allowance accounts	8,829
Net patient receivables	$ 166

Allowances for uncollectible accounts on accounts receivable, other than patient receivables, totaled $27,377 at September 30, 2017.

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 2018 to July 2045 with interest rates ranging from zero to two percent, payable at maturity). These loans totaled $15,864 (net of an allowance of $7,129) at September 30, 2017.

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 $1,535 (net of an allowance of $976) at September 30, 2017.

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.

Inventories
Inventories are valued at cost, which approximates realizable value, using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed.

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

The Commission capitalizes interest cost incurred on funds used to construct property, equipment and infrastructure assets. Interest capitalization ceases when the construction project is substantially complete.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life. In accordance with authoritative accounting guidance, interest is not capitalized for construction projects using governmental funds. Net interest capitalized during fiscal year 2017 amounted to $1,663.

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, 2017.

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, 2017, the liability for accrued vacation and compensatory leave included in the government-wide statement of net position is approximately $15,110 of which $12,829 is reported in the governmental activities and $2,281 is reported in the business-type activities. Of this amount, an estimated $7,824 is payable within a year.

As of September 30, 2017, the liability for accrued sick leave included in the government-wide statement of net position is approximately $6,949. Of this amount, $5,796 is reported in the governmental activities, and $1,153 is reported in the business-type activities. Due and payable within one year of September 30, 2017, is approximately $226.

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

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). Pension-related deferred outflows represent amounts resulting from timing differences of contributions made subsequent to the Pension Plan measurement dates but as of the date of the basic financial statements and net differences between projected and actual earnings on plan investments are recognized over a closed period, and are amortized over a 5-year period.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, and (2) pension-related deferred inflows, which represent the difference between projected and actual experience of the Pension Plan.

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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- *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 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.

Fair Value Measurements
The Commission maintains all investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is described as an exit price.

Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. Fair value is determined considering the unit of account, which is the level at which the asset or liability is aggregated or disaggregated for measurement, recognition or disclosure purposes (i.e., the unit of account in a brokerage account is each individual investment as compared to investments in mutual funds where the unit of account is each share held in the mutual fund).

Fair value measurement guidance establishes a fair value hierarchy which categorizes the inputs to valuation techniques used to measure fair value into three levels, defined as follows:

- Level 1 – Inputs based on quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets or identical assets in markets that are not active.

- Level 3 – Inputs are unobservable inputs for an asset or liability, and may include management's own estimates using the best information available.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Subsequent Events
Management has evaluated subsequent events and their potential effects on these financial statements through March 23, 2018, the date the financial statements were issued. See Note S for subsequent event disclosures.

NOTE B - SIGNIFICANT NEW ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes measurement criteria for the other postemployment benefits (OPEB) liability of state and local governments. The statement intends to improve financial reporting by requiring recognition of the total OPEB liability (the portion of the actuarial present value of projected benefits, attributable to past periods of employee service), net of the OPEB plan's fiduciary net position. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2017. As such, the Commission has not implemented the provisions in the 2017 financial statements. The Commission is currently assessing the impact of the guidance on its financial statements when adopted, but expects it to be material.

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 Commission is currently evaluating the impact this standard may have on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this statement are effective for fiscal year 2020. The Commission is currently evaluating the impact this standard may have on its financial statements.

GASB Statement No. 85, *Omnibus 2017*, was issued to address practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for fiscal year 2018. 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. 86, *Certain Debt Extinguishment Issues*, was issued to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this statement are effective for fiscal year 2018. 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 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 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 Commissioners. 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, Limited Obligation School Fund, Indigent Care Fund and Bridge and Public Building Fund are presented in the required supplementary information section.

Deficit Fund Balance of Individual Funds

At September 30, 2017, the Community Development Fund and the Home Grant Fund had deficit fund balances in the amounts of $242 and $68, respectively, due to unearned revenue, which are amounts received after year end and not considered available to liquidate liabilities of the current period.

NOTE D - CASH AND INVESTMENTS

Cash and Investments

As of September 30, 2017, the components of cash and cash equivalents, investments and restricted assets are as follows:

	Governmental Activities	Business-Type Activities	Total
Petty cash	$ 128	$ 2,120	$ 2,248
Cash and cash equivalents	156,107	9,641	165,748
	156,235	11,761	167,996
Restricted assets held for:			
Closure and postclosure care	-	219	219
Debt service	6,530	54,260	60,790
Debt service or capital improvements	57	309,021	309,078
Other purposes	13,524	-	13,524
Total restricted assets	20,111	363,500	383,611
Property held for sale	-	12,189	12,189
Total cash and investments	$ 176,346	$ 387,450	$ 563,796

	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	$ 145,564	$ 96,149	$ 241,713
Investments:			
U.S. Treasury notes	-	10,000	10,000
U.S. Government agencies:			
GNMA pools	-	233,808	233,808
Pass thru securities	19,066	-	19,066
Other federal agencies	8,693	-	8,693
Municipal bonds	-	34,188	34,188
Short term investment fixed income fund	2,959	-	2,959
Property held for sale	-	12,189	12,189
Total investments	30,718	290,185	320,903
Other restricted assets:			
Held for postclosure care	-	219	219
Accrued interest receivable on restricted investments	64	897	961
	$ 176,346	$ 387,450	$ 563,796

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 43% of cash and investments in cash and cash equivalents. For investments held, the maturity table below indicates that approximately 19% 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 Primary Liquidity Fund and Total Return Portfolio (discussed above) are Trusts maintained for the Commission. Cash held in the Primary Liquidity Portfolio is primarily where excess cash is held for the Commission and is primarily invested in short term investment funds or deposit accounts at September 30, 2017.

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, 2017, 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, 2017, 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
U.S. Treasury notes	$ 10,000	$ 10,000	$ -	$ -	$ -	$ -
U.S. Government Agencies:						
GNMA pools	233,808	-	501	119,447	113,860	-
Pass thru securities	19,066	-	6,758	12,308	-	-
Other federal agencies	8,693	2,869	3,294	2,530	-	-
Municipal bonds	34,188	19,413	11,700	359	485	2,231
Fixed income short term investment fund	2,959	2,959	-	-	-	-
	$ 308,714	$ 35,241	$22,253	$134,644	$ 114,345	$ 2,231

NOTE D - CASH AND INVESTMENTS – CONTINUED

For mortgage-backed securities (GNMA pools and pass-through 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 its 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 the Primary Liquidity Portfolio, which is 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 (Moody's) or Standard & Poor's Financial Services LLC (S&P) rating agencies.

NOTE D - CASH AND INVESTMENTS – CONTINUED

As of September 30, 2017, 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
$ 38,225	Aaa	12.38%	$ 786	AAA	0.25%
4,313	Aa1	1.40	28,727	AA+	9.31
7,925	Aa2	2.57	13,082	AA	4.24
1,974	Aa3	0.64	7,316	AA-	2.37
3,542	A1	1.15	1,735	A+	0.56
148	A2	0.05	246	A	0.08
743	A3	0.24	4,051	A-	1.31
15,077	NR	4.88	6,004	NR	1.95
236,767	NA	76.69	246,767	NA	79.93
$ 308,714		100.00%	$ 308,714		100.00%

Ratings are not provided for the 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 ($2,272) held by the Commission as of September 30, 2017, 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 $233,808 of GNMA pools, which represent pools of mortgages issued by GNMA, consisting of a multitude of underlying borrowers, generally with no concentrations. GNMA securities are backed by the full faith and credit of the U.S. Government. There were no other concentrations of investments noted at September 30, 2017.

Certain cash and cash equivalents, consisting primarily of money market or deposit accounts held at September 30, 2017, were with a large regional financial institution and totaled approximately $63,000 (included in cash and cash equivalents). These funds are held in trusts with the financial institution.

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. 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 notes – Fair values for U.S. Treasury notes were determined using quoted market prices and are classified as Level 1 within the fair value hierarchy.
- U.S. Government agency securities, municipal bonds and other investments – 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, 2017:

		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:				
U.S. Treasury notes	$ 10,000	$ 10,000	$ -	$ -
U.S. Government agency securities	261,567	-	261,567	-
Municipal bonds	34,188	-	34,188	-
Fixed income short term investment mutual fund	2,959	-	2,959	-
Land held for sale	12,189	-	12,189	-
Total investments	$ 320,903	$ 10,000	$ 310,903	$ -

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, 2017, was as follows:

Governmental Activities	Balance at October 1, 2016	Additions	Disposals	Transfers/ Reclassifi- cations	Balance at September 30, 2017
Nondepreciable capital assets:					
Land	$ 20,761	$ 101	$ (2,711)	$ -	$ 18,151
Construction in progress	22,912	12,482	(197)	(2,943)	32,254
	43,673	12,583	(2,908)	(2,943)	50,405
Depreciable capital assets:					
Buildings	458,326	-	(6,003)	3	452,326
Improvements other than land/buildings	189,711	-	(53)	5,846	195,504
Maintenance equipment	22,941	542	(6,140)	-	17,343
Motor vehicles	44,082	5,393	(132)	-	49,343
Equipment under capital lease	17,049	-	(884)	-	16,165
Miscellaneous equipment	30,047	2,119	(17,318)	111	14,959
Office furniture and fixtures	45,662	395	(24,081)	-	21,976
Software	3,567	1,036	-	-	4,603
	811,385	9,485	(54,611)	5,960	772,219
Less accumulated depreciation for:					
Buildings	(255,659)	(7,416)	2,288	-	(260,787)
Improvements other than land/buildings	(115,881)	(6,356)	35	-	(122,202)
Maintenance equipment	(19,573)	(607)	6,140	-	(14,040)
Motor vehicles	(34,271)	(3,466)	132	-	(37,605)
Equipment under capital lease	(15,768)	(313)	885	-	(15,196)
Miscellaneous equipment	(39,459)	(1,069)	17,634	-	(22,894)
Office furniture and fixtures	(43,933)	(797)	23,686	-	(21,044)
Software	(985)	(1,350)	36	-	(2,299)
	(525,529)	(21,374)	50,836	-	(496,067)
Total depreciable capital assets, net	285,856	(11,889)	(3,775)	5,960	276,152
Total capital assets, net	$ 329,529	$ 694	$ (6,683)	$ 3,017	$ 326,557

NOTE E - CAPITAL ASSETS – CONTINUED

Business-Type Activities	Balance at October 1, 2016	Additions	Disposals	Transfers/ Reclassifi- cations	Balance at September 30, 2017
Nondepreciable capital assets:					
Land	$ 41,083	$ -	$ (595)	$ (10,204)	$ 30,284
Construction in progress	46,585	73,337	-	(20,058)	99,864
	87,668	73,337	(595)	(30,262)	130,148
Depreciable capital assets:					
Buildings	1,024,613	-	(227)	-	1,024,386
Improvements other than land/buildings	3,576,919	9,008	(107)	15,149	3,600,969
Maintenance equipment	6,478	527	(611)	-	6,394
Motor vehicles	19,427	1,781	-	12	21,220
Miscellaneous equipment	5,775	1,304	(1,525)	484	6,038
Office furniture and fixtures	1,626	121	(587)	-	1,160
Software	-	422	-	-	422
	4,634,838	13,163	(3,057)	15,645	4,660,589
Less accumulated depreciation for:					
Buildings	(412,614)	(23,647)	95	-	(436,166)
Improvements other than land/buildings	(1,903,599)	(116,842)	55	2,973	(2,017,413)
Maintenance equipment	(4,901)	(328)	611	-	(4,618)
Motor vehicles	(14,287)	(1,506)	-	-	(15,793)
Miscellaneous equipment	(3,622)	(377)	1,525	255	(2,219)
Office furniture and fixtures	(1,493)	(60)	587	-	(966)
Software	-	(49)	-	-	(49)
	(2,340,516)	(142,809)	2,873	3,228	(2,477,224)
Total depreciable capital assets, net	2,294,322	(129,646)	(184)	18,873	2,183,365
Total capital assets, net	$ 2,381,990	$ (56,309)	$ (779)	$ (11,389)	$ 2,313,513

The net book value of landfill operations capital assets leased to a third party at September 30, 2017, is $22,194. 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	$	11,248
Public safety		2,382
Highways and roads		6,370
Health		1,365
Welfare		9
Total depreciation expense – governmental activities	$	21,374
Business-type activities:		
Landfill operations	$	1,799
Sanitary operations		140,636
Industrial Development Authority		374
Total depreciation expense – business-type activities	$	142,809

NOTE F - UNEARNED REVENUES / DEFERRED INFLOWS

Governmental funds and proprietary funds report unearned revenues and deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and proprietary funds also defer revenue recognition in connection with resources that have been received but not yet earned. At September 30, 2017, the various components of unearned revenue and deferred inflows reported in the governmental funds and proprietary funds were as follows:

	Unavailable	Unearned	Total
Ad valorem taxes – property	$ 141,953	$ -	$ 141,953
Grant-related reimbursements	-	57	57
Total unearned revenue/deferred inflows	$ 141,953	$ 57	$ 142,010

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, 2017, amounts paid by the Commission under operating lease agreements totaled approximately $956 for governmental activities and $1 for business-type 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, 2017:

2018	$ 918
2019	918
2020	918
2021	918
2022	918
Thereafter	38,785
	$ 43,375

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 2017 of $1,294 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 $14,604 as of September 30, 2017. This estimate was based on 100-percent usage (filled) of the Jefferson County Landfill Number 1, 95-percent usage (filled) of the Jefferson County Landfill Number 1 Sub Cell 2-1, 100-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, 2017, are $99 and 0.3 years, respectively. Future subcells in Cell no. 2 are planned, including Subcell 2-3 for fiscal year 2018.

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, 2017, 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, 2017, 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, 2017. 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 - 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), for the primary purpose of school capital projects and related improvements (Governmental Activities – Limited Obligation School Warrants, Governmental Activities – Limited Obligation Refunding Warrants) and for the primary purpose of the Public Building Authority related capital projects and related improvements (Governmental Activities – Lease Revenue 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
On December 1, 2013, the Commission entered into a Trust Indenture 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).

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.

NOTE J - WARRANTS PAYABLE – CONTINUED

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

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

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

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

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

NOTE J - WARRANTS PAYABLE – 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 construction of a new jail facility located in Bessemer, Alabama (Jefferson County), 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 County.

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 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. (MBIA)), 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 - WARRANTS PAYABLE – CONTINUED

Limited Obligation School Warrants

Beginning in 2004, the Commission issued various warrants for school capital projects and improvements. The Commission entered into a Trust Indenture dated December 1, 2004 (2004 Trust Indenture), between Jefferson County, Alabama and SouthTrust Bank, as Trustee, for the general purpose of obtaining funds for school capital projects and improvements. The 2004 Trust Indenture provided for the issuance of additional securities secured on a parity of lien with the original warrant issues. U.S. Bank National Association (U.S. Bank), as successor to SouthTrust Bank, served as Trustee under the 2004 Trust Indenture.

The warrants issued under the 2004 Trust Indenture (Refunded Warrants) were not general obligations of the Commission, but represented limited obligations of the Commission, payable solely out of and secured by a pledge of the gross proceeds of the Education Tax as adopted on December 16, 2004, through Ordinance No. 1769 (the Education Tax).

Payment of the principal and interest on some of the warrants when due was insured by a municipal warrant insurance policy issued by Ambac Assurance Corp. (Ambac) and may have excluded any acceleration features for warrant payments.

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 sources and uses of funds for the refunding are as follows:

Sources of Funds

Principal amount of Series 2017 Warrants	$	338,925
Plus: net original issue premium		45,064
Amounts held in funds established for Refunded Warrants		65,203
Total Sources	$	449,192

Uses of Funds

Refunding of Refunded Warrants	$	447,300
Expenses of issuance		1,892
Total Uses	$	449,192

The Commission completed the current refunding to reduce its total debt service payments over the next 25 years by $4,297 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $18,415.

NOTE J - WARRANTS PAYABLE – CONTINUED

The current 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 $258. 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.

Lease Revenue Warrants

In 2006, the Jefferson County Public Building Authority (the Building Authority) issued warrants under the August 1, 2006 Trust Indenture for related capital projects and improvements. The warrants are special, limited obligations of the Building Authority, payable solely from and secured by a pledge of the revenues and receipts delivered by the Building Authority from the leasing to Jefferson County of the warrant-financed facilities.

The Commission entered into a new lease agreement effective January 1, 2013, for the Building Authority related to the LR Series 2006 Warrants. Simultaneous with the Lease Agreement, the Building Authority and LR Series 2006 Warrants Trustee executed and delivered a First Supplemental Trust Indenture dated as of January 1, 2013, as discussed further below.

Payment of the principal and interest on the warrants when due is insured by a municipal warrant insurance policy issued by Ambac Assurance Corp. (Ambac) and may exclude any acceleration features for warrant payments.

The Lease Revenue Warrant 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 - WARRANTS PAYABLE – CONTINUED

Warrants payable consist of the following at September 30, 2017:

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	69,789
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	192,881
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	801,285
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	67,441
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	434,263
	1,960,664

NOTE J - WARRANTS PAYABLE – CONTINUED

Governmental Activities:

General Obligation Capital Improvement and Refunding Warrants, Series 2003-A, with interest paid semiannually at fixed rates ranging from 5.0% to 5.25% and annual principal payments through 2023	$ 39,125
General Obligation Warrants, Series 2004-A, with interest paid semi-annually at fixed rates ranging from 4.25% to 5.00% and annual principal payments through 2024	37,555
Lease Revenue Warrants, Series 2006, with interest paid semiannually at fixed rates ranging from 5.00% to 5.125% and annual principal payments through April 1, 2026	54,100
General Obligation Warrants, Series 2013-A, with interest paid semi-annually at a fixed rate of 4.90% and principal payments due annually through April 1, 2021	25,700
General Obligation Warrants, Series 2013-C, with interest paid semiannually at a fixed rate of 4.90% and principal payments due annually through April 1, 2021	25,340
Limited Obligation Refunding Warrants, Series 2017, with interest paid semiannually at fixed rates ranging from 3.125% to 5.00% and annual principal payments through 2042	338,925
	520,745
	2,481,409
Less unamortized net discount (premiums) (net of current portion net premium of $3,069)	(12,075)
Less principal amounts due within one year	42,410
Warrants payable – noncurrent, net	$ 2,451,074

NOTE J - WARRANTS PAYABLE – CONTINUED

The following is a summary of the warrants that are authorized or outstanding for the Commission as of September 30, 2017.

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 Series 2013-A Warrants have an outstanding balance of $395,005 at September 30, 2017.

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 accreted value of the Series 2013-B Warrants (principal and interest) is subject to redemption at the option of the Commission on or after October 1, 2023, and is 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 $69,789 at September 30, 2017.

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.

NOTE J - WARRANTS PAYABLE – CONTINUED

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

The Series 2013-C Warrants are subject to redemption at 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 2038 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 $192,881 at September 30, 2017.

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

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

The Series 2013-D Warrants are subject to redemption at the option of the Commission on or after October 1, 2023, and mature or are subject to mandatory redemption periodically from fiscal year 2017 to 2054. The Series 2013-D Warrants have an outstanding balance of $801,285 at September 30, 2017.

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 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 $67,441 at September 30, 2017.

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.

NOTE J - WARRANTS PAYABLE – CONTINUED

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

The Series 2013-F Warrants are subject to redemption at 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 $434,263 at September 30, 2017.

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 National Association (JPMorgan Chase Bank) was delivered to Wells Fargo, 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, 2017.

NOTE J - WARRANTS PAYABLE – CONTINUED

GOVERNMENTAL ACTIVITIES

General Obligation Warrants

General Obligation Capital Improvement and Refunding Warrants, Series 2003-A
On March 1, 2003, the Commission issued $94,000 of tax-exempt General Obligation Capital Improvement and Refunding Warrants, Series 2003-A (GO Series 2003-A Warrants). These warrants were issued for the purpose of refunding the Commission's outstanding General Obligation Warrants, Series 1993, for capital expenditures and payment of related issuance costs. The GO Series 2003-A Warrants are insured by a bond insurance policy issued by National. The GO Series 2003-A Warrants have an outstanding balance of $39,125 at September 30, 2017.

General Obligation Capital Improvement Warrants, Series 2004-A
On August 1, 2004, the Commission issued $51,020 of tax-exempt General Obligation Warrants, Series 2004-A (GO Series 2004-A Warrants). These warrants were issued for the purpose of various capital improvements for the Commission and payment of the related issuance costs. The GO Series 2004-A Warrants are insured by a bond insurance policy issued by National. The GO Series 2004-A Warrants have an outstanding balance of $37,555 at September 30, 2017.

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, 2021.

The GO Series 2013-A Warrants are 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. The GO Series 2013-A Warrants have an outstanding balance of $25,700 at September 30, 2017.

General Obligation Warrants, Series 2013-B (GO Series 2013-B Warrants)
The GO Series 2013-B Warrants were repaid during the current year and have no outstanding balance at September 30, 2017.

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, 2021.

The GO Series 2013-C Warrants are 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. The GO Series 2013-C Warrants have an outstanding balance of $25,340 at September 30, 2017.

NOTE J - WARRANTS PAYABLE – CONTINUED

General Obligation Warrants, Series 2013-D (GO Series 2013-D Warrants)
The GO Series 2013-D Warrants were repaid during the current year and have no outstanding balance at September 30, 2017.

Limited Obligation School Warrants, Series 2004-A
The LO Series 2004-A warrants were repaid in the current year and have no outstanding balance at September 30, 2017.

Limited Obligation School Warrants, Series 2005-A and 2005-B
The LO 2005-A and 2005-B warrants were repaid in the current year and have no outstanding balance at September 30, 2017.

Lease Revenue Warrants, Series 2006
On August 1, 2006, the Jefferson County Public Building Authority (the Building Authority) issued $86,745 of tax-exempt Lease Revenue Warrants, Series 2006 (LR Series 2006 Warrants) pursuant to a Trust Indenture between the Building Authority and First Commercial Bank. These warrants were issued for the purposes of financing capital projects for the Jefferson County Public Building Authority, including a new courthouse in Bessemer, renovation of the existing courthouse and county jail in Bessemer and construction of an E911 communications center office building, providing a debt service reserve fund and paying related issuance costs.

While the Commission is not the issuer of the LR Series 2006 Warrants, the Building Authority's payment obligations under the LR Series 2006 Warrants are secured by lease revenues generated by the Commission's lease of the above-referenced buildings from the Building Authority. The LR Series 2006 Warrants are secured by a bond insurance policy issued by Ambac. The outstanding principal balance of the LR Series 2006 Warrants was $54,100 at September 30, 2017.

2013 Lease Agreement
The Commission entered into a new lease agreement effective January 1, 2013, with the Building Authority related to the LR Series 2006 Warrants. Simultaneous with the Lease Agreement, the Building Authority and Trustee executed and delivered a First Supplemental Trust Indenture dated January 1, 2013. The lease is subject to renewal on an annual basis. Total semiannual lease payments range from $3,200 to $5,200 for years 2018 to 2026. While the 2013 Lease Agreement specifies that a portion of the lease payment is subject to payment by Ambac, the Bond Insurer, the Commission has elected to prepay any such amounts for which a bond insurer policy payment would otherwise come due.

First Supplemental Trust Indenture
The First Supplemental Trust Indenture dated as of January 1, 2013, was entered into by and between the Building Authority and First Commercial Bank. The new agreement modifies certain provisions of the original indenture and establishes a trustee expense reserve fund, among other modifications.

NOTE J - WARRANTS PAYABLE – 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 Trust Indenture dated July 1, 2017 (2017 Trust Indenture), between the Commission and Regions Bank (the Trustee). These warrants were issued for the purpose of (i) refunding the Commission's LO Series 2004-A and 2005-A Warrants, and (ii) paying the costs of issuance of the Series 2017 Warrants.

The repayment obligations related to the Series 2017 Warrants are secured by a pledge and assignment of (i) the General Trust Estate established under the Trust Indenture, which includes the Pledged Tax Proceeds and money in the funds and accounts designated as "General Indenture Funds" under the Trust Indenture, and (ii) the Series 2017 Trust Estate established under the 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 $338,925 at September 30, 2017.

Fair Value of Warrants

Business-Type Activities

The estimated fair value for all Sewer Obligation Warrants outstanding of $1,960,664 based on independent pricing was approximately $2,376,807 as of September 30, 2017.

Governmental Obligations

The estimated fair value for General Obligation Warrants outstanding of $520,745 (including GO Warrants, Lease Warrants, and LO Refunding Warrants) based on independent pricing was approximately $570,019 as of September 30, 2017.

NOTE J - WARRANTS PAYABLE – CONTINUED

Summary of Warrant Transactions

The following is a summary of warrant transactions for the Commission for the year ended September 30, 2017. Activity related to the long-term debt is as follows:

Warrant Issue	Balance at September 30, 2016	Additions	Accretion	Payments / Retirements	Balance at September 30, 2017	Due Within One Year
Business-Type Activities:						
Series 2013-A	$ 395,005	$ -	$ -	$ -	$ 395,005	$ -
Series 2013-B	65,579	-	4,210	-	69,789	-
Series 2013-C	180,616	-	12,265	-	192,881	-
Series 2013-D	808,630	-	-	7,345	801,285	12,995
Series 2013-E	62,458	-	4,983	-	67,441	-
Series 2013-F	402,368	-	31,895	-	434,263	-
	1,914,656	-	53,353	7,345	1,960,664	12,995
Governmental Activities:						
Series 2003-A GO	40,360	-	-	1,235	39,125	1,250
Series 2004-A GO	39,750	-	-	2,195	37,555	2,330
Series 2004-A LO School	385,775	-	-	385,775	-	-
Series 2005-A&B LO School	132,010	-	-	132,010	-	-
Series 2006 Lease	59,480	-	-	5,380	54,100	5,680
Series 2013-A GO	31,460	-	-	5,760	25,700	6,020
Series 2013-B GO	1,410	-	-	1,410	-	-
Series 2013-C GO	31,015	-	-	5,675	25,340	5,930
Series 2013-D GO	1,390	-	-	1,390	-	-
Series 2017 LO Refunding	-	338,925	-	-	338,925	8,205
	722,650	338,925	-	540,830	520,745	29,415
	$ 2,637,306	$ 338,925	$ 53,353	$ 548,175	$ 2,481,409	$ 42,410

NOTE J - WARRANTS PAYABLE – CONTINUED

Maturity Schedules

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

Fiscal Year Ending September 30	Business-Type Activities Principal	Business-Type Activities Interest	Business-Type Activities Future Interest Accretion	Governmental Activities Principal	Governmental Activities Interest
2018	$ 12,995	$ 71,402	$ 57,383	$ 29,415	$ 27,247
2019	14,215	70,722	61,718	32,755	23,842
2020	-	70,366	66,387	34,320	22,228
2021	-	70,366	71,414	35,965	20,517
2022	8,745	70,148	76,812	31,710	18,724
2023-2027	36,123	605,590	148,633	142,015	69,688
2028-2032	56,662	790,893	86,210	90,060	41,946
2033-2037	98,221	914,141	33,939	114,505	17,499
2038-2042	326,363	746,454	-	10,000	1,231
2043-2047	339,575	635,858	-	-	-
2048-2052	612,970	509,961	-	-	-
2053-2057	454,795	29,116	-	-	-
	$ 1,960,664	$ 4,585,017	$ 602,496	$ 520,745	$ 242,922

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
2018	$ 42,410	$ 98,649	$ 141,059	$ 57,383	$ 198,442
2019	46,970	94,564	141,534	61,718	203,252
2020	34,320	92,594	126,914	66,387	193,301
2021	35,965	90,883	126,848	71,414	198,262
2022	40,455	88,872	129,327	76,812	206,139
2023-2027	178,138	675,278	853,416	148,633	1,002,049
2028-2032	146,722	832,839	979,561	86,210	1,065,771
2033-2037	212,726	931,640	1,144,366	33,939	1,178,305
2038-2042	336,363	747,685	1,084,048	-	1,084,048
2043-2047	339,575	635,858	975,433	-	975,433
2048-2052	612,970	509,961	1,122,931	-	1,122,931
2053-2057	454,795	29,116	483,911	-	483,911
	$ 2,481,409	$ 4,827,939	$ 7,309,348	$ 602,496	$ 7,911,844

NOTE J - WARRANTS PAYABLE – 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. Bond 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	$ (36,543)
Accreted (amortized), net in prior years	(2,573)	2,542
	34,427	(34,001)
Current year (amortization) accretion, net	(959)	946
Net balance at September 30, 2017	$ 33,468	$ (33,055)
Governmental Activities:		
Total net premiums (discounts) and bond insurance costs	$ 12,424	$ 51,347
Accreted (amortized), net in prior years	(9,658)	(31,201)
	2,766	20,146
Additions to net premiums (discounts) and bond insurance costs	-	45,064
Retirements of net premiums (discounts) and bond insurance costs	(2,430)	(14,264)
Current year (amortization) accretion, net	(228)	(2,747)
Net balance at September 30, 2017	$ 108	$ 48,199
Commission Totals:		
Total net premiums (discounts) and bond insurance costs	$ 49,424	$ 14,804
Accreted (amortized), net in prior years	(12,231)	(28,659)
	37,193	(13,855)
Additions to net premiums (discounts) and bond insurance costs	-	45,064
Retirements of net premiums (discounts) and bond insurance costs	(2,430)	(14,264)
Current year (amortization) accretion, net	(1,187)	(1,801)
Net balance at September 30, 2017	$ 33,576	$ (15,144)

NOTE J - WARRANTS PAYABLE – CONTINUED

Restricted Accounts

Business-Type Activities

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

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

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

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

The Capital Improvement Fund was established for funds held on deposit and for capital improvements for the sewer systems. The 2013 Sewer Trustee will deposit 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.

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

Governmental Activities

The proceeds from each warrant issue 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 debt reserve funds to be maintained, and funds may 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.

NOTE J - WARRANTS PAYABLE – CONTINUED

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. The Commission has entered 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 180 or 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.

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.

NOTE J - WARRANTS PAYABLE – CONTINUED

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, 2016, sewer user charge increases in accordance with the Rate Resolution. (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.

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.

NOTE J - WARRANTS PAYABLE – CONTINUED

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 in two consecutive fiscal years shall constitute a default.

The Commission was in compliance with the Required Coverage Ratios for fiscal year ended September 30, 2017.

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 would be 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, 2017.

Municipal Bond Insurance Policy
Concurrent with the issuance of the warrants, National, Ambac 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.

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.

NOTE J - WARRANTS PAYABLE – CONTINUED

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 - Subsequent Events.

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, 2017. 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, 2016, the Measurement Date, membership in the Pension Plan consisted of the following:

Retired participants and beneficiaries currently receiving benefits	2,293
Terminated participants and beneficiaries entitled to but not yet receiving benefits	101
Terminated participants entitled to a refund of contributions	165
Active participants	2,263
	4,822

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

Benefits Provided

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

Benefits may be received under the following conditions:

Normal Retirement – A member may retire upon reaching age 55 with a total of 30 years of service of which at least 20 years are paid membership time with Jefferson County, or the member may retire regardless of age after completing 30 years of paid membership time with Jefferson 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 $7,627 for the year ended September 30, 2017, equaling approximately 6% of payroll of covered participants.

Actuarial Dates

GASB 68 requires 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, 2016
Measurement Date: September 30, 2016
Reporting Date: September 30, 2017

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions

The total pension liability as of September 30, 2016, was determined based on the annual actuarial funding valuation report prepared as of September 30, 2016. 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, 2016, 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, 2016, 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, 2015	$ 970,676	$ 1,031,304	$ (60,628)
Service cost	17,798	-	17,798
Interest cost	65,859	-	65,859
Difference between expected and actual experience	12,504	-	12,504
Contributions – employer	-	7,393	(7,393)
Contributions – employee	-	7,385	(7,385)
Net investment income	-	97,411	(97,411)
Benefit payments, including refunds of member contributions	(59,662)	(59,662)	-
Administrative expense	-	(1,300)	1,300
Other changes	-	505	(505)
Net changes	36,499	51,732	(15,233)
Balances at September 30, 2016	$ 1,007,175	$ 1,083,036	$ (75,861)

September 30, 2016, is the actuarial valuation date upon which the total pension liability is based. An expected total pension liability is determined as of September 30, 2016, using standard roll-forward techniques. The difference between the expected total pension liability and the actual total pension liability as of September 30, 2016, 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 total pension 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	$ 32,399	$ (75,861)	$ (167,931)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended September 30, 2017, the Commission recognized pension expense of $3,192. 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, 2017, 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	$ 9,212	$ 2,547
Net differences between projected and and actual earnings on plan investments	9,050	-
Employer contributions subsequent to the measurement date	7,537	-
Total	$ 25,799	$ 2,547

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 $7,537 resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the year ending September 30, 2017.

NOTE K - DEFINED BENEFIT PENSION PLAN – CONTINUED

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

2018	$ 4,345
2019	4,478
2020	12,257
2021	(5,363)
	$ 15,717

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEBS)

In addition to the pension benefits described in Note L, 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. 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.

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.

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEBS) – CONTINUED

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. These benefits are typically financed on a pay-as-you-go basis. GAAP requires accrual-basis accounting, thereby recognizing the employer cost of postemployment benefits over an employee's career.

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. This amount is then discounted to determine the actuarial present value of the total projected benefits (APB).

The actuarial accrued liability (AAL) is the portion of the present value of the total projected benefits allocated to years of employment prior to the measurement date. The unfunded actuarial accrued liability (UAAL) is the difference between the AAL and actuarial value of assets in the Plan.

As of September 30, 2016, the most recent actuarial valuation date, the OPEB had 470 retired participants. The OPEB Plan had a total of 2,383 and -0- active participants and vested terminated participants, respectively. The Commission subsidizes a portion of the retirees' health care insurance premiums based on the total years of County service and age at retirement. The Commission's subsidy for each covered retired employee ranges from $533 to $1,601 per month, and total insurance premiums range from $657 to $1,959.

Once the UAAL is determined, the annual required contribution (ARC) is determined as the normal cost (the APB allocated to the current year of service) and the amortization of the UAAL. This ARC is compared to actual contributions made, and any difference is reported as the net OPEB obligation (NOO). In addition, required supplementary information (RSI) must be reported, including historical information about the UAAL and the progress in funding the OPEB Plan.

The OPEB Plan does not issue a stand-alone financial report.

Funding Policy – The Commission has not set aside assets in a qualifying trust fund as of September 30, 2017, and is currently financing the OPEB Plan on a pay-as-you-go basis. Retirees and employees are not required to contribute to the OPEB Plan.

The Commission's OPEB cost is calculated based on the ARC calculated using the projected unit credit method, an allowable cost method under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits (OPEB) other than Pensions* (Statement No. 45). The ARC is the basic annual expense recognized under Statement No. 45 that is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years, which is the amortization period used by the OPEB Plan.

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEBS) – CONTINUED

The following table shows the components of the Commission's OPEB cost for the year, the amount contributed to the OPEB Plan and the changes in the Commission's net OPEB obligation:

(In Thousands)

Actuarial Valuation Date	Fiscal Year End	Annual Required Contribution (a)	Interest on Existing NOO (b)	Adjustment to ARC (c)	Annual OPEB Cost (a+b+c = d)	Annual Contribution Amount (e)	Percentage of OPEB Cost Contributed (e/d)	Net Increase (Decrease) in NOO (d-e = f)	NOO at Beginning of Year (g)	NOO at End of Year (f+g)
09/30/16	09/30/17	$ 8,072	$ 564	$ (520)	$ 8,116	$ 4,798	59.1%	$ 3,318	$ 14,098	$ 17,416
09/30/16	09/30/16	5,903	503	(465)	5,941	4,423	74.4%	1,518	12,580	14,098
09/30/14	09/30/15	5,903	472	(436)	5,939	5,148	86.7%	791	11,789	12,580

Funding Status and Funding Progress

As of September 30, 2016, the most recent actuarial valuation date, the OPEB was zero percent funded. The actuarial accrued liability was $97,566, and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability of $97,566. Covered payroll was approximately $126,645, resulting in unfunded actuarial liability as a percentage of payroll of 77 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the OPEB and the annual required contributions of the employer are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of OPEB assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The above schedules of employer contributions present trend information about the amounts contributed to the OPEB by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Actuarial Methods and Assumptions

The information presented above was determined as part of the actuarial valuation at the date indicated. Projections of benefits for financial reporting purposes are based on the substantive plan (the OPEB as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE L - OTHER POSTEMPLOYMENT BENEFITS (OPEBS) – CONTINUED

Additional information as of the latest actuarial valuation follows:

Valuation Date	September 30, 2016
Actuarial Cost Method	Projected Unit Credit Method
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period	30 years
Amortization Factor	27.0642
Asset Valuation Method	Market Value of Assets
Mortality	RP-2000 Employee Mortality Table
Discount Rate	4%
Projected Payroll Increases	3.25%
Inflation Rate	3.25%
Health Care Costs Rates	Pre-Medicare Medical Trend 7.75% graded to 5% over 5 years

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, 2017, 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	$ 611	$ 34	$ 3,645	$ 4,290
Incurred claims and claim adjustment expenses:				
Provision for insured events of current fiscal year	828	133	1,901	2,862
Increases/decreases in provision for insured events of prior fiscal years	(574)	(85)	(618)	(1,277)
Total incurred claims and claim adjustment expenses	254	48	1,283	1,585
Payments:				
Claims and claim adjustment expenses attributable to insured events of current fiscal year	(292)	(8)	(330)	(630)
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	-	(6)	-	(6)
Total payments	(292)	(14)	(330)	(636)
Accrual at end of fiscal year	$ 573	$ 68	$ 4,598	$ 5,239

NOTE M - RISK MANAGEMENT – CONTINUED

For the year ended September 30, 2017, changes in the claims liabilities for the health self-insured activities for the Commission are as follows:

Balance October 1, 2016	Claims Incurred	Claims Paid	Increase/ Decrease in Liability	Balance September 30, 2017
$ 1,464	$ 23,271	$ (23,122)	$ 149	$ 1,613

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, 2017, the Development Authority was indebted to the Commission in the amount of approximately $12,868, 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, 2017, the Commission abated property taxes totaling $395 and sales taxes totaling $236 under this program.

The County also is subject to tax abatements granted by the Birmingham-Jefferson County Port Authority (BPA), 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 BPA 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, 2017, the BPA abated property taxes totaling $1,004.

NOTE P - TRANSACTIONS WITH OTHER FUNDS

Advances due to/from Other Funds

The amounts of advances due to/from other funds at September 30, 2017, were as follows:

	Advances due from Other Funds		
	General Fund	Nonmajor Governmental Funds	Totals
Advances due to other funds:			
Nonmajor Governmental Funds	$ 8,273	$ -	$ 8,273
Nonmajor Enterprise Funds	12,868	8,883	21,751
	$ 21,141	$ 8,883	$ 30,024

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

The amounts of interfund transfers during the fiscal year ended September 30, 2017, were as follows:

	Transfers in				
	General Fund	Limited Obligation School Warrant Fund	Nonmajor Governmental Funds	Agency Funds	Totals
Transfers out:					
General Fund	$ -	$ -	$ -	$ 2,946	$ 2,946
Indigent Care Fund	3,500	-	-	-	3,500
Bridge and Public Building Fund	22,211	-	15,492	-	37,703
Nonmajor governmental funds	6,886	382,097	-	-	388,983
	$ 32,597	$ 382,097	$ 15,492	$ 2,946	$ 433,132

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, 2017, the Commission has commitments of the following:

Name of Commitment	Amount
Sewer repairs and maintenance	$ 4,652
Cahaba River Trussville PHI	650
Software system conversion	2,339
Healthcare services for hospital claims	3,406
State courts	554
Cooling towers and boiler replacement	1,433
Election equipment	800
Elevator modernization	1,025
2121 building rehabilitation	565
Road department large trucks	1,624
Fuel services	702
Billing and collection services	596
	$ 18,346

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, 2017.

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 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 Receiver. On November 25, 2015, the United States District Court appointed Lorren Oliver to the position of Receiver in which he continues to serve under a Modified Order Appointing Receiver. The Employment Discrimination Receiver's authority is to exercise full control over nearly all employment decisions of the Commission, subject to a court-approved budget, until full and sustainable compliance with the employment discrimination consent decree has been achieved. The District Court's modified order contemplates the Employment Discrimination Receiver's duties and obligations be substantially completed in three years or less. Pursuant to the Employment Discrimination Order, the County may challenge any actions proposed or taken by the Employment Discrimination Receiver if the Commission in good faith believes such actions materially interfere with the functions of Jefferson County.

Under the Employment Discrimination Receiver, the Commission will be required to undertake certain (work in progress) actions with regard to its hiring and promotion processes. Such changes are expected to be financially burdensome. Currently, the Commission has unanswered questions about individual damages claims, and it is impossible to predict the likely outcome of this issue at this time. For reference, and although these budgets overlap to a certain extent with costs and expenses already included in the Commission's budget, the Receiver's budget for fiscal year 2014-15 was close to $17,000. The Receiver's budget for fiscal year 2015-16 was $14,036. The Receiver's budget for fiscal year 2016-2017 was $12,671. The Receiver's budget for fiscal year 2017-2018 is $11,973.

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, 2017, 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 into 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. Again, although the Commission is prepared to defend itself against this sanctions issue, the Commission reasonably should expect that some sanction amount less than $750 will be entered against the Commission. The Commission has accrued an estimated loss related to these sanctions as of September 30, 2017.

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

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

The lawsuits were stayed by the trial court pending the outcome of a similar case filed by taxpayers against the State of Alabama. In the State of Alabama's case, the 11th Circuit Court of Appeals (11th Circuit) ruled against the State. The State filed a petition for writ of certiorari with the U.S. Supreme Court asking it to review the matter. The Supreme Court granted the State's petition for writ of certiorari on July 1, 2014. On March 4, 2015, the U.S. Supreme Court held that the State's sales tax on diesel fuel purchased and used by rail carriers—where motor and water carriers are exempt from the tax—discriminates against rail carriers only if the State cannot justify the differences in tax treatment between those similarly-situated taxpayers. The Court remanded the case to the 11th Circuit, directing it to consider Alabama's justifications for the differential tax treatment of rail carriers, motor carriers and water carriers.

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

On March 29, 2017, the District Court issued its opinion on remand and held the State's sales tax on diesel fuel does not discriminate against rail carriers in violation of federal law. CSX has appealed this most recent ruling to the 11th Circuit, and oral argument was held in October 2017. The 11th Circuit has not issued a ruling on appeal. There is, thus, a potential for an adverse outcome to the Commission with respect to CSX's and BNSF's claims. Pursuant to court orders entered in the lawsuits prior to the commencement of the Bankruptcy Case, CSX and BNSF had been paying their respective disputed tax obligations into escrow for a period of time.

If CSX and BNSF prevail with their respective claims, the escrowed funds 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, 2017.

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

Request for Administrative Claim filed by Norfolk Southern Railway Company: On December 30, 2013, Norfolk Southern Railway Company filed with the Bankruptcy Court a motion for the allowance of an administrative claim against the Commission in the aggregate amount of $1,630. Norfolk Southern's motion seeks a refund of sales taxes paid on the retail sale of diesel fuel to the Commission between the commencement of the Bankruptcy Case and September 30, 2013. The Bankruptcy Court denied Norfolk Southern's motion on June 30, 2015. The County and Norfolk Southern reserved all rights with respect to the allowance of Norfolk Southern's claim against the General Unsecured Claims Pool. If allowed, Norfolk Southern will be entitled only to receive an appropriate pro rata distribution from the $5,000 General Unsecured Claims Pool funded by the Commission on the effective date pursuant to the Plan of Adjustment. The conclusion of this matter is uncertain.

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: 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.

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.

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

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 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.

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 litigation. 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 litigation became effective and the adversary proceeding pending before the Bankruptcy Court was dismissed with prejudice.

The Bennett plaintiffs 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.

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

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. The Commission and the appellants completed their briefing, and the 11th Circuit heard oral argument on the merits of the Commission's appeal on December 16, 2016. The 11th Circuit has not yet ruled on the Commission's appeal. If the 11th Circuit does not rule that the appeal from the Confirmation Order is moot and due to be dismissed, the 11th Circuit may remand the case to the District Court for further proceedings on the merits.

If confirmation of the Plan of Adjustment were to be overturned on appeal, the Commission does not know the effect such a ruling would have on the subject litigation, claims, settlement, and other matters settled, discharged, or adjusted pursuant to, or in reliance on, the Plan of Adjustment. The appeal is not yet concluded.

Request for Administrative Claim filed by Bennett Plaintiffs: On December 6, 2013, the Bennett plaintiffs filed with the Bankruptcy Court their request for the allowance of an administrative claim against the Commission in the amount of $311.

The Bennett plaintiffs filed their request pursuant to Bankruptcy Code section 503(b)(3)(D), which provides that creditors who make a "substantial contribution" in a Chapter 9 bankruptcy case may be allowed as an administrative expense the actual and necessary expenses they incurred. The amount of the Bennett plaintiffs' request was the amount they claimed to have incurred in legal fees and expenses in connection with the Bankruptcy Case. The Commission objected to the Bennett plaintiffs' request, contending, among other things, that the Bennett plaintiffs had not provided any contribution whatsoever in the Bankruptcy Case and that they were not eligible to assert such a claim as they were not "creditors" in the case.

The Bankruptcy Court held an evidentiary hearing on the administrative claim request on March 20, 2014, at the conclusion of which the Bankruptcy Court asked the Bennett plaintiffs to furnish additional information to the Bankruptcy Court with respect to their request. The Bankruptcy Court denied the Bennett plaintiffs' motion on June 30, 2015. The Bennett plaintiffs timely appealed the Bankruptcy Court's denial of the administrative claim to the District Court.

The District Court dismissed the appeal with prejudice on June 6, 2016, and the time for any appeal of that dismissal has expired.

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

Jefferson County, Alabama and the Jefferson County Commission v. The Taxpayers and Citizens of Jefferson County, Alabama, Circuit Court of Jefferson County, Alabama, Birmingham Division, Case Number CV-2015-903133: On August 13, 2015, the Commission petitioned the County Circuit Court for validation of certain warrants proposed to be issued, the sales and use tax that would fund the debt service on such warrants, the local act of the Alabama Legislature (the Legislature) authorizing the Commission to levy the sales and use tax and the resolutions of the Commission authorizing the levy of the sales and use tax and the issuance of the warrants. The Commission's validation request was opposed by two individual groups of taxpayers and citizens as well as the County District Attorney appearing on behalf of the taxpayers and citizens of the County. On December 14, 2015, the Circuit Court entered an order holding that the local act was not properly enacted by the Legislature due to an invalid budget isolation resolution and denied the petition for validation. On December 16, 2015, the Commission filed a notice of appeal of the Circuit Court's order with the Alabama Supreme Court, and one of the taxpayer and citizen groups (the Validation Plaintiffs) filed a cross appeal. The parties completed appellate briefing by April 4, 2016, and the Commission subsequently requested expedited consideration by the Supreme Court. In mid-September 2016, while the request to expedite was still pending, the Legislature placed a proposed constitutional amendment (Amendment 14) on the November 2016 ballot that, if passed, would retroactively validate budget isolation resolutions underlying local laws, including the local act at issue in the Commission's appeal. The Commission moved to stay the appeal on September 19, 2016, until after the general election on November 8, 2016. The Supreme Court did not act upon the request to stay. Amendment 14 was ratified by Alabama voters on November 8, 2016, and the Commission notified the Supreme Court of such ratification on November 11, 2016. On February 2, 2017, the Supreme Court ordered the parties to submit supplemental briefs addressing the effect of the ratification of Amendment 14 on the appeal. The supplemental briefing was completed by all parties and on March 17, 2017, the Supreme Court entered an order reversing the Circuit Court's holding that the budget isolation resolution was invalid.

On April 16, 2017, an order was entered by the Circuit Court validating the proposed warrants, the local act, the levy of the sales and use tax and the pledge of the sales and use tax proceeds to the payment of debt service on the warrants. The validation order was not appealed, and the period in which an appeal can be filed to the Supreme Court has expired.

On June 19, 2017, one of the County's outside attorneys received a copy of a Petition for Writ of Certiorari to the United States Supreme Court (the USSC) dated June 15, 2017 (the Petition), presumably sent at the direction of counsel for the Validation Plaintiffs. The Petition alleges violations of the due process clause of the fourteenth amendment to the Constitution of the United States by the Legislature in the process of proposing and adopting Amendment 14, and its applicability retroactively to procedures with respect to the adoption of the local act.

NOTE R - CONTINGENT LIABILITIES AND LITIGATION – CONTINUED

The Commission received no official notice or confirmation that the Petition was, in fact, filed, that it was timely filed, that its filing was accepted by the clerk of the USSC or that it was placed on the USSC's docket. The Commission was later informed that the Petition was submitted to the USSC with one or more deficiencies and the USSC had given the Validation Plaintiffs up to 60 days to correct and re-file the Petition. On August 18, 2017, the Commission received notice from counsel to the Validation Plaintiffs that the Petition was re-filed with the clerk of the USSC. The Petition was added to the USSC's docket on August 23, 2017, and was assigned docket # 17-281. On August 28, 2017, the Commission filed a waiver of response with the USSC. On October 2, 2017, the USSC denied the Petition. This matter is now concluded.

Phoenix Water Resources, LLC and Heritage Place Church of Christ v. Jefferson County, et al., United States Bankruptcy Court for the Northern District of Alabama, Southern Division, Case Number 18-00015-CRJ: On December 21, 2017, Phoenix Water Resources, LLC and Heritage Place Church of Christ filed a complaint against the Commission in the Circuit Court of Jefferson County. The Commission removed the complaint to the Bankruptcy Court for the Northern District of Alabama. The complaint alleges that the Commission has improperly denied the plaintiffs' request to allow Heritage Place Church of Christ to disconnect from the sewer system. Phoenix Water Resources alleges at least $76 in damages. The Commission disputes any liability to Phoenix Water Resources and intends to file a motion to dismiss all claims asserted in the complaint. This matter is not yet concluded, and the likely outcome is unknown. There is, thus, a potential for an adverse outcome to the Commission with respect to these claims.

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, 2017, 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

In December 2017, the Commission issued a promissory note to the Jefferson County Economic Industrial Development Authority (JCEIDA), a component unit of the Commission, for acquiring land for industrial sites in the amount of $10,000. The principal balance will be repaid as sales of parcels occur in the amount of 50% of net cash proceeds received by JCEIDA with no stated interest.

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 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, 2017.

Governmental Activities

In February 2018, the Commission authorized refunding some or all of the Series 2003-A, 2004-A, 2013-A and 2013-C general obligation warrants outstanding in the amount of $127,720 and the Public Building Authority Series 2006 warrants outstanding in the amount of $54,100. The refunding warrants may be issued in an aggregate principal amount not to exceed $181,820. As of the date of this report, the refunding has not occurred.

The Series 2003-A and Series 2004-A Warrants are insured by the National Public Finance Guarantee Corporation (formerly MBIA insurance Corporation) (National). The warrants were assigned insured ratings by S&P Global Ratings (S&P) and Moody's Investors Service, Inc. (Moody's). On December 1, 2017, S&P affirmed its 'A' long-term issuer credit rating on National and then withdrew such rating at National's request. On January 17, 2018, the insured rating assigned to the warrants by Moody's was lowered to 'Baa2' from 'A3'. The current insured rating outlook of the warrants is classified as "Stable" by Moody's.

NOTE T - BANKRUPTCY SETTLEMENT AND CONFIRMATION

The Commission filed for relief under Chapter 9 of the United States Bankruptcy Code, 11 U.S.C. § 101, *et seq.* (the Bankruptcy Code), on November 9, 2011 (the Filing Date), in the United States Bankruptcy Court for the Northern District of Alabama (the Bankruptcy Court), thereby commencing the case styled *In re Jefferson County, Alabama*, Case No. 11-05736 (the Bankruptcy Case).

On June 30, 2013, the Commission filed with the Bankruptcy Court its *Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated June 30, 2013)* and its accompanying *Disclosure Statement Regarding Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated June 30, 2013).*

NOTE T - BANKRUPTCY SETTLEMENT AND CONFIRMATION – CONTINUED

On July 29, 2013, the Commission filed amended versions of those two documents, which were titled, respectively, the *Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated July 29, 2013)* and the *Disclosure Statement Regarding Chapter 9 Plan of Adjustment for Jefferson County, Alabama (Dated July 29, 2013).* By order dated August 7, 2013, the Bankruptcy Court approved the Commission's July 29, 2013, version of the disclosure statement (as approved, the Disclosure Statement) and scheduled the confirmation hearing on the Commission's Chapter 9 Plan of Adjustment.

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. The Commission and the appellants completed their briefing, and the 11th Circuit heard oral argument on the merits of the Commission's appeal on December 16, 2016. The 11th Circuit has not yet ruled on the Commission's appeal. If the 11th Circuit does not rule that the appeal from the Confirmation Order is moot and due to be dismissed, the 11th Circuit may remand the case to the District Court for further proceedings on the merits.

If confirmation of the Plan of Adjustment were to be overturned on appeal, the Commission does not know the effect such a ruling would have on the subject litigation, claims, settlement, and other matters settled, discharged, or adjusted pursuant to, or in reliance on, the Plan of Adjustment. The appeal is not yet concluded. 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, 2017

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	$ 91,846	$ 91,846	$ 92,544	$ 92,544
Licenses and permits	14,316	14,316	9,759	9,759
Intergovernmental	3,484	4,934	7,616	7,616
Charges for services, net	35,918	34,468	30,172	30,172
Miscellaneous	600	600	6,434	6,434
Interest and investment income	810	810	129	129
	146,974	146,974	146,654	146,654
Expenditures				
Current:				
General government	106,741	102,425	99,964	99,964
Public safety	68,339	72,518	74,303	74,303
Health and welfare	917	1,054	-	-
Capital outlay	-	-	-	-
Indirect expenses	-	-	(6,241)	(6,241)
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	10	10
	175,997	175,997	168,036	168,036
Deficiency of Revenues over Expenditures	(29,023)	(29,023)	(21,382)	(21,382)
Other Financing Sources (Uses)				
Sale of capital assets, net	-	-	6	6
Transfers in	-	-	32,597	32,597
Transfers out	-	-	(2,946)	(2,946)
	-	-	29,657	29,657
Net Change in Fund Balance	(29,023)	(29,023)	8,275	8,275
Fund Balance – Beginning of Year	121,813	121,813	121,813	121,813
Fund Balance – End of Year	$ 92,790	$ 92,790	$ 130,088	$ 130,088

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – LIMITED OBLIGATION SCHOOL FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	$ 105,351	$ 105,351	$ 91,140	$ 91,140
Interest and investment income	-	-	600	600
	105,351	105,351	91,740	91,740
Expenditures				
General government	-	-	58	58
Education	-	-	69,000	69,000
Debt service:				
Principal retirement	78,115	78,115	517,785	517,785
Interest and fiscal charges	27,129	27,129	24,382	24,382
	105,244	105,244	611,225	611,225
Excess (Deficiency) of Revenues over Expenditures	107	107	(519,485)	(519,485)
Other Financing Sources (Uses)				
Transfers in	-	-	382,097	382,097
Net Change in Fund Balance	107	107	(137,388)	(137,388)
Fund Balance – Beginning of Year	150,609	150,609	150,609	150,609
Fund Balance – End of Year	$ 150,716	$ 150,716	$ 13,221	$ 13,221

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – INDIGENT CARE FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	$ 53,226	$ 53,226	$ 53,661	$ 53,661
Charges for services, net	-	-	1,723	1,723
Miscellaneous	-	-	505	505
	53,226	53,226	55,889	55,889
Expenditures				
Health and welfare	69,148	71,672	57,005	57,005
Capital outlay	-	-	775	775
Indirect expenses	-	-	2,137	2,137
Principal retirement	-	-	-	-
	69,148	71,672	59,917	59,917
Deficiency of Revenues over Expenditures	(15,922)	(18,446)	(4,028)	(4,028)
Other Financing Sources (Uses)				
Transfers out	-	-	(3,500)	(3,500)
Net Change in Fund Balance	(15,922)	(18,446)	(7,528)	(7,528)
Fund Balance – Beginning of Year	21,937	21,937	21,937	21,937
Fund Balance – End of Year	$ 6,015	$ 3,491	$ 14,409	$ 14,409

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – BRIDGE AND PUBLIC BUILDING FUND (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	(In Thousands)			
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final	Budgetary Basis	GAAP Basis
Revenues				
Taxes	$ 44,803	$ 44,803	$ 45,337	$ 45,337
Intergovernmental	-	-	785	785
Interest and investment income	-	-	125	125
	44,803	44,803	46,247	46,247
Expenditures				
Highway and roads	-	-	8,544	8,544
	-	-	8,544	8,544
Excess of Revenues over Expenditures	44,803	44,803	37,703	37,703
Other Financing Uses				
Transfers out	-	-	(37,703)	(37,703)
Net Change in Fund Balance	44,803	44,803	-	-
Fund Balance – Beginning of Year	-	-	-	-
Fund Balance – End of Year	$ 44,803	$ 44,803	$ -	$ -

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
(UNAUDITED)
SEPTEMBER 30, 2017

	2016	2015	2014
TOTAL PENSION LIABILITY			
Service cost	$ 17,798	$ 17,325	$ 16,860
Interest	65,859	64,608	63,046
Differences between expected and actual experience	12,504	(5,226)	-
Change in assumptions	-	-	-
Benefit payments	(58,760)	(57,021)	(55,458)
Refunds of contributions	(902)	(985)	(1,707)
Net change in total pension liability	36,499	18,701	22,741
Total pension liability – beginning	970,676	951,975	929,234
Total pension liability – ending (A)	$ 1,007,175	$ 970,676	$ 951,975
PENSION FIDUCIARY NET POSITION			
Contributions – employer	$ 7,393	$ 6,732	$ 6,587
Contributions – members	7,385	6,716	6,562
Contributions – other	584	439	771
Net investment income	97,411	(1,107)	105,706
Benefit payments	(58,760)	(57,021)	(55,458)
Administrative expense	(1,300)	(998)	(931)
Refunds of contributions	(902)	(985)	(1,707)
Other	(79)	(78)	(84)
Net change in plan fiduciary net position	51,732	(46,302)	61,446
Plan fiduciary net position – beginning	1,031,304	1,077,606	1,016,160
Plan fiduciary net position – ending (B)	$ 1,083,036	$ 1,031,304	$ 1,077,606
NET PENSION (ASSET) LIABILITY (A) – (B)	$ (75,861)	$ (60,628)	$ (125,631)
COVERED EMPLOYEE PAYROLL	$ 123,217	$ 112,200	$ 109,783
NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	(61.57%)	(54.04%)	(114.44%)
NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	107.53%	106.25%	113.2%

JEFFERSON COUNTY COMMISSION
NOTES TO SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
(UNAUDITED)
SEPTEMBER 30, 2017

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 total payroll paid to covered employees.

JEFFERSON COUNTY COMMISSION
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
(UNAUDITED)
SEPTEMBER 30, 2017

Year	Actuarially Determined Contribution	Contributions From Commission	Contribution (Deficiency)/ Excess	Covered Employee Payroll	Contribution as a % of Payroll
2008	$ 9,860	$ 9,860	$ -	$ 164,333	6.00%
2009	9,657	9,657	-	160,950	6.00%
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%

JEFFERSON COUNTY COMMISSION
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
(UNAUDITED)
SEPTEMBER 30, 2017

Valuation Date:	September 30, 2016
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:	41 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 FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN
(UNAUDITED)
SEPTEMBER 30, 2017

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The actuarial information presented is determined by an actuarial valuation and is the amount that results from applying various assumptions with regard to termination, disability, mortality and the time value of money to the accumulated plan benefits.

(In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As a Percentage of Covered Payroll [(b-a)/c]
09/30/16	$ -	$ 97,566	$ 97,566	-%	$126,645	77.0%
09/30/14	-	77,272	77,272	-%	109,723	70.4%
09/30/13	-	64,638	64,638	-%	107,002	60.4%

SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017
(IN THOUSANDS)

ASSETS	Community Development Fund	Debt Service Fund	Capital Improvements Fund	Public Building Authority	Road Construction Fund	Home Grant Fund
Cash and investments	$ -	$ 9,267	$ 4,727	$ -	$ 352	$ -
Accounts receivable, net	1,782	-	-	-	-	73
Taxes receivable, net	-	-	-	-	-	-
Tax receivable, net, highways and roads	-	-	-	-	-	-
Loans receivable, net	-	-	-	-	-	-
Restricted assets	-	1,250	-	3,010	-	-
Advances due from (to) other funds	(1,255)	8,883	-	-	-	(132)
	$ 527	$ 19,400	$ 4,727	$ 3,010	$ 352	$ (59)
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 637	$ -	$ 1,754	$ -	$ 108	$ 5
Deposits payable	-	-	-	-	-	-
Accrued wages and benefits	41	-	-	-	-	4
Due from (to) other governments	-	-	-	-	-	-
Retainage payable	90	-	183	-	244	-
Estimated litigation liability	-	-	-	-	-	-
Estimated claims liability	1	-	-	-	-	-
Total Liabilities	769	-	1,937	-	352	9
Deferred Inflows of Resources						
Property taxes	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	8,883	-	-	-	-
Restricted	-	1,250	-	3,010	244	-
Assigned	2,315	9,267	2,790	-	3,172	18
Unassigned	(2,557)	-	-	-	(3,416)	(86)
	(242)	19,400	2,790	3,010	-	(68)
	$ 527	$ 19,400	$ 4,727	$ 3,010	$ 352	$ (59)

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017
(IN THOUSANDS)

ASSETS	Road Fund	Board of Equalization	Tax Assessor Birmingham	Tax Assessor Bessemer	Economic Development Fund	Community Development Loan Fund
Cash and investments	$ 15,245	$ 1,874	$ 3,382	$ 580	$ 3,623	$ 88
Accounts receivable, net	10	-	-	-	438	-
Taxes receivable, net	-	4,768	3,029	1,406	-	-
Tax receivable, net, highways and roads	18,565	-	-	-	-	-
Restricted assets	1,676	-	-	-	-	-
Advances due from (to) other funds	-	-	-	-	-	-
	$ 35,496	$ 6,642	$ 6,411	$ 1,986	$ 4,061	$ 88
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 854	$ 8	$ -	$ 6	$ 451	$ -
Deposits payable	1,563	-	-	-	-	-
Accrued wages and benefits	523	119	75	49	41	-
Due from (to) other governments	7,189	-	-	-	-	-
Retainage payable	-	-	-	-	-	-
Estimated litigation liability	1,066	12	-	2	32	-
Estimated claims liability	141	32	20	9	9	-
Total Liabilities	11,336	171	95	66	533	-
Deferred Inflows of Resources						
Property taxes	18,251	4,768	3,029	1,406	-	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	5,909	1,703	3,287	514	3,528	88
Assigned	3,405	156	104	132	709	-
Unassigned	(3,405)	(156)	(104)	(132)	(709)	-
	5,909	1,703	3,287	514	3,528	88
	$ 35,496	$ 6,642	$ 6,411	$ 1,986	$ 4,061	$ 88

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017
(IN THOUSANDS)

ASSETS	Special Sales Tax Revenue Fund	Senior Citizens Services Fund	Total Nonmajor Governmental Funds
Cash and investments	$ -	$ 1,282	$ 40,420
Accounts receivable, net	-	-	2,303
Taxes receivable, net	14,566	-	23,769
Tax receivable, net, highways and roads	-	-	18,565
Restricted assets	73	-	6,009
Advances due from (to) other funds	(6,886)	-	610
	$ 7,753	$ 1,282	$ 91,676
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	$ -	$ -	$ 3,823
Deposits payable	-	-	1,563
Accrued wages and benefits	-	-	852
Due from (to) other governments	-	-	7,189
Retainage payable	-	-	517
Estimated litigation liability	-	-	1,112
Estimated claims liability	-	-	212
Total Liabilities	-	-	15,268
Deferred Inflows of Resources			
Property taxes	-	-	27,454
Fund Balances			
Nonspendable	-	-	8,883
Restricted	7,753	1,282	28,568
Assigned	-	-	22,068
Unassigned	-	-	(10,565)
	7,753	1,282	48,954
	$ 7,753	$ 1,282	$ 91,676

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, 2017
(IN THOUSANDS)

	Community Development Fund	Debt Service Fund	Capital Improvements Fund	Public Building Authority	Road Construction Fund	Home Grant Fund
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
License and permits	-	-	-	-	-	-
Intergovernmental	7,409	2,071	-	-	-	73
Charges for services, net	-	-	157	-	487	-
Miscellaneous	-	-	-	8,545	150	604
Interest and investment income	-	-	62	-	-	-
	7,409	2,071	219	8,545	637	677
Expenditures						
Current:						
General government	-	-	2,733	-	-	276
Public safety	-	-	-	-	-	-
Highways and roads	-	-	-		199	-
Health and welfare	-	-	-	-	-	-
Community development	5,318	-	-	-	-	-
Capital outlay	-	-	12,441	-	8,575	-
Indirect expenses	0	-	-	-	-	-
Debt service:						
Principal retirement	-	17,665	-	5,380	-	-
Interest and fiscal charges	-	6,946	-	3,022	-	-
	5,318	24,611	15,174	8,402	8,774	276
Excess (Deficiency) of Revenues over Expenditures	2,091	(22,540)	(14,955)	143	(8,137)	401
Other Financing Sources						
Sale of capital assets	-	-	2,159	-	-	-
Issuance of refunding warrants	-	-	-	-	-	-
Premium on warrants	-	-	-	-	-	-
Transfers in (out)	-	15,492	-	-	4,753	-
	-	15,492	2,159	-	4,753	-
Net Changes in Fund Balances	2,091	(7,048)	(12,796)	143	(3,384)	401
Fund Balances – Beginning of Year	(2,333)	26,448	15,586	2,867	3,384	(469)
Fund Balances – End of Year	$ (242)	$ 19,400	$ 2,790	$ 3,010	$ -	$ (68)

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, 2017
(IN THOUSANDS)

	Road Fund	Board of Equalization	Tax Assessor Birmingham	Tax Assessor Bessemer	Economic Development Fund	Community Development Loan Fund
Revenues						
Taxes	$ 16,434	$ 4,294	$ 3,137	$ 1,289	$ -	$ -
License and permits	2,056	-	-	-	-	-
Intergovernmental	293	-	-	-	4,659	-
Charges for services, net	57	-	-	-	-	-
Miscellaneous	183	26	-	-	-	-
Interest and investment income	80	-	-	-	4	-
	19,103	4,320	3,137	1,289	4,663	-
Expenditures						
Current:						
General government	-	4,584	2,281	1,299	-	-
Highways and roads	21,506	-	-	-	-	-
Health and welfare	-	-	-	-	3,401	-
Community development	-	-	-	-	-	187
Capital outlay	-	277	-	-	-	-
Indirect expenses	-	56	33	11	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
	21,506	4,917	2,314	1,310	3,401	187
Excess (Deficiency) of Revenues over Expenditures	(2,403)	(597)	823	(21)	1,262	(187)
Other Financing Sources						
Sale of capital assets	-	-	-	-	-	-
Issuance of refunding warrants	-	-	-	-	-	-
Premium on warrants	-	-	-	-	-	-
Transfers in (out)	(4,753)	-	-	-	-	-
	(4,753)	-	-	-	-	-
Net Changes in Fund Balances	(7,156)	(597)	823	(21)	1,262	(187)
Fund Balances – Beginning of Year	13,065	2,300	2,464	535	2,266	275
Fund Balances – End of Year	$ 5,909	$ 1,703	$ 3,287	$ 514	$ 3,528	$ 88

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, 2017
(IN THOUSANDS)

	Special Sales Tax Revenue Fund	Senior Citizens Services Fund	Limited Obligation Refunding Debt	Total Nonmajor Governmental Funds
Revenues				
Taxes	$ 14,639	$ -	$ -	$ 39,793
License and permits	-	-	-	2,056
Intergovernmental	-	636	-	15,141
Charges for services, net	-	-	-	701
Miscellaneous	-	16	-	9,524
Interest and investment income	-	-	-	146
	14,639	652	-	67,361
Expenditures				
Current:				
General government	-	1	-	11,174
Highways and roads	-	-	-	21,705
Health and welfare	-	-	-	3,401
Community development	-	-	-	5,505
Capital outlay	-	-	-	21,293
Indirect expenses	-	-	-	100
Debt service:				
Principal retirement	-	-	-	23,045
Interest and fiscal charges	-	-	1,892	11,860
	-	1	1,892	98,083
Excess (Deficiency) of Revenues over Expenditures	14,639	651	(1,892)	(30,722)
Other Financing Sources				
Sale of capital assets	-	-	-	2,159
Issuance of refunding warrants	-	-	338,925	338,925
Premium on warrants	-	-	45,064	45,064
Transfers in (out)	(6,886)	-	(382,097)	(373,491)
	(6,886)	-	1,892	12,657
Net Changes in Fund Balances	7,753	651	-	(18,065)
Fund Balances – Beginning of Year	-	631	-	67,019
Fund Balances – End of Year	$ 7,753	$ 1,282	$ -	$ 48,954

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF NET POSITION –
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2017
(IN THOUSANDS)

ASSETS	**Landfill Operations Fund**	**Jefferson County Economic and Industrial Development Authority**	**Total Nonmajor Enterprise Funds**
Current Assets			
Cash and investments	$ -	$ 2,120	$ 2,120
Accounts receivable, net	233	57	290
Due from (to) other governments	-	(1,300)	(1,300)
Total Current Assets	233	877	1,110
Noncurrent Assets			
Advances due (to) from other funds	(8,883)	(12,868)	(21,751)
Investments – property held for sale	-	12,189	12,189
Restricted assets	219	-	219
Capital assets:			
Depreciable assets, net	14,287	33	14,320
Nondepreciable assets	7,907	-	7,907
	13,530	(646)	12,884
	$ 13,763	$ 231	$ 13,994

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF NET POSITION –
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2017
(IN THOUSANDS)

LIABILITIES AND NET POSITION	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Total Nonmajor Enterprise Funds
Current Liabilities			
Accounts payable	$ -	$ 34	$ 34
Total Current Liabilities	-	34	34
Noncurrent Liabilities			
Estimated liability for landfill closure and postclosure care costs	14,604	-	14,604
Total Liabilities	14,604	34	14,638
Net Position			
Net investment in capital assets	22,194	33	22,227
Restricted for:			
Closure and postclosure care	219	-	219
Unrestricted	(23,254)	164	(23,090)
	$ (841)	$ 197	$ (644)

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, 2017
(IN THOUSANDS)

	Landfill Operations Fund	Jefferson County Economic and Industrial Development Authority	Total Nonmajor Enterprise Funds
Operating Revenues			
Other operating revenue	$ 1,294	$ 387	$ 1,681
	1,294	387	1,681
Operating Expenses			
Salaries	-	260	260
Employee benefits and payroll taxes	-	18	18
Utilities	-	55	55
Outside services	26	143	169
Office expenses	-	110	110
Depreciation	1,799	374	2,173
Closure and postclosure care	1,332	-	1,332
Indirect expenses	17	-	17
	3,174	960	4,134
Operating Loss	(1,880)	(573)	(2,453)
Nonoperating Revenues (Expenses)			
Interest expense, net	(256)	(46)	(302)
Interest revenue	2	99	101
	(254)	53	(201)
Changes in Net Position	(2,134)	(520)	(2,654)
Net Position – Beginning of Year	1,293	717	2,010
Net Position – End of year	$ (841)	$ 197	$ (644)

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF CASH FLOWS –
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(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	$ -	$ 67	$ 67
Cash payments to employees	-	(278)	(278)
Cash payments for goods and services	(48)	(290)	(338)
Other receipts and payments, net	266	46	312
Net Cash Provided (Used) by Operating Activities	218	(455)	(237)
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	-	(4)	(4)
Proceeds from sale of property	-	1,100	1,100
Interest paid	(256)	(46)	(302)
Net Cash Provided (Used) by Capital and Related Financing Activities	(256)	1,050	794
Cash Flows from Investing Activities			
Interest received	2	99	101
Net Cash Provided by Investing Activities	2	99	101
Change in Cash and Investments	(36)	694	658
Cash and Investments – Beginning of Year	255	1,426	1,681
Cash and Investments – End of Year	$ 219	$ 2,120	$ 2,339
Displayed As			
Cash and investments	$ -	$ 2,120	$ 2,120
Restricted assets – noncurrent cash and investments	219	-	219
	$ 219	$ 2,120	$ 2,339

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
COMBINING STATEMENT OF CASH FLOWS –
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(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 (Used) by Operating Activities			
Operating loss	$ (1,880)	$ (573)	$ (2,453)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	1,799	374	2,173
Gain on sale of property	-	(320)	(320)
Change in accounts receivable	(22)	-	(22)
Change in advances due to other funds	(970)	46	(924)
Change in accounts payable	(5)	18	13
Change in estimated liability for landfill closure and postclosure care costs	1,296	-	1,296
	2,098	118	2,216
Net Cash Provided (Used) by Operating Activities	$ 218	$ (455)	$ (237)

See independent auditors' report.

JEFFERSON COUNTY COMMISSION
STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
SEPTEMBER 30, 2017
(IN THOUSANDS)

	Balance October 1, 2016	Additions	Deductions	Balance September 30, 2017
City of Birmingham Revolving Loan Fund				
Assets				
Cash and investments	$ 1,033	$ 6	$ -	$ 1,039
Loans receivable, net	38	-	(38)	-
	$ 1,071	$ 6	$ (38)	$ 1,039
Liabilities				
Due to other governments	$ 1,071	$ (32)	$ -	$ 1,039
Personnel Board Fund				
Assets and Deferred Outflows				
Cash and investments	$ 105	$ 8,281	$ (7,540)	$ 846
Accounts receivable, net	643	7,512	(8,155)	-
Net pension asset	2,415	706	-	3,121
Property and equipment, net	544	726	(125)	1,145
Pension-related deferred outflows	1,809	-	(748)	1,061
	$ 5,516	$ 17,225	$ (16,568)	$ 6,173
Liabilities and Deferred Inflows				
Accounts payable	$ 367	$ 2,833	$ (3,062)	$ 138
Accrued employee expenses	1,155	5,518	(5,293)	1,380
Due to other governments	3,839	711	-	4,550
Pension-related deferred inflows	155	-	(50)	105
	$ 5,516	$ 9,062	$ (8,405)	$ 6,173
Emergency Management Agency Fund				
Assets				
Cash and investments	$ 329	$ 1,372	$ (1,210)	$ 491
Other receivables	14	-	(14)	-
Property and equipment, net	166	-	(33)	133
	$ 509	$ 1,372	$ (1,257)	$ 624
Liabilities				
Accounts payable	$ 168	$ 378	$ (539)	$ 7
Accrued employee expenses	120	189	(206)	103
Due to other governments	221	293	-	514
	$ 509	$ 860	$ (745)	$ 624

See independent auditors' report.

ADDITIONAL INFORMATION

JEFFERSON COUNTY COMMISSION
COMMISSION MEMBERS AND ADMINISTRATIVE PERSONNEL
(UNAUDITED)
SEPTEMBER 30, 2017

Commission Members As of March 23, 2018			**Term Expires**
Hon. James A. Stephens	President	Suite 210 Jefferson County Courthouse Birmingham, AL 35263	2018
Hon. George T. Bowman	Member	Suite 240 Jefferson County Courthouse Birmingham, AL 35263	2018
Hon. Sandra Little Brown	Member	Suite 250 Jefferson County Courthouse Birmingham, AL 35263	2018
Hon. David Carrington	Member	Suite 230 Jefferson County Courthouse Birmingham, AL 35263	2018
Hon. T. Joe Knight	Member	Suite 220 Jefferson County Courthouse Birmingham, AL 35263	2018

Administrative Personnel As of March 23, 2018		
John Henry	Chief Financial Officer	Suite 810 Jefferson County Courthouse Birmingham, AL 35263
Theodore Lawson	County Attorney	Suite 280 Jefferson County Courthouse Birmingham, AL 35263

APPENDIX C-1

PROPOSED APPROVING OPINION OF BOND COUNSEL TO THE COUNTY SERIES 2018-A WARRANTS

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(Letterhead of Balch & Bingham LLP, Bond Counsel)

May 31, 2018

Holders of the Series 2018-A Warrants referred to below

Re: $111,360,000 General Obligation Refunding Warrants, Series 2018-A, issued by Jefferson County, Alabama

Ladies and Gentlemen:

We have acted as bond counsel to Jefferson County, Alabama, a political subdivision of the State of Alabama (the "Issuer"), in connection with the issuance of $111,360,000 aggregate principal amount of General Obligation Refunding Warrants, Series 2018-A (the "Series 2018-A Warrants"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Series 2018-A Warrants are issued pursuant to Title 11, Chapter 28 of the Code of Alabama 1975 (the "Enabling Law") and that certain Trust Indenture dated as of May 1, 2018 between the Issuer and Wilmington Trust N.A., as trustee (the "Indenture"). Pursuant to the Indenture, the Issuer has pledged its full faith and credit for the payment of the principal of, premium (if any) and interest on the Series 2018-A Warrants when due.

Regarding questions of fact material to our opinion, we have relied on the representations of the Issuer contained in the Indenture, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

The Issuer has authorized the issuance of and sold, and is expected to issue on or about May 24, 2018, its General Obligation Refunding Warrants (Delayed Delivery), Series 2018-B (the "Series 2018-B Warrants"). The Series 2018-A Warrants and the Series 2018-B Warrants will be treated as a single issue for purposes of the Internal Revenue Code of 1986, as amended (the "Code").

Based on the foregoing, we are of the opinion that, under the existing law:

1. The Issuer is validly existing as a political subdivision of the State of Alabama with the power to enter into the Indenture, perform the agreements on its part contained therein, and issue the Series 2018-A Warrants.

2. The Indenture has been duly authorized by the Issuer and constitutes a valid and binding and enforceable obligation of the Issuer.

3. The Series 2018-A Warrants have been duly authorized and executed by the Issuer, and are valid and binding orders upon the Treasurer of the Issuer for the payment of the principal and

premium (if any) thereof and interest thereon and evidence and order paid the valid general obligation indebtedness of the Issuer.

4. Interest on the Series 2018-A Warrants is excluded from gross income for federal income tax purposes and will not be included in computing the federal alternative minimum taxable income of individuals or, except as hereinafter described, corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2018-A Warrants in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2018-A Warrants to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2018-A Warrants. For taxable years that began before January 1, 2018, interest on the Series 2018-A Warrants owned by a corporation will be included in such corporation's adjusted current earnings for purposes of computing the federal alternative minimum tax on such corporation, other than an S corporation, a regulated investment company, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust. The federal alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

5. Interest on the Series 2018-A Warrants is exempt from income taxation by the State of Alabama.

The foregoing opinion as to federal tax matters concerning the Series 2018-A Warrants also will be dependent upon the accuracy of certain representations and certifications, and continuing compliance with certain covenants, that will be required to be made by the Issuer in connection with the issuance of the Series 2018-B Warrants and that will be intended to evidence and assure that the Series 2018-A Warrants and the Series 2018-B Warrants are and will remain obligations the interest on which is excluded from gross income for federal tax purposes.

The rights of the owners of the Series 2018-A Warrants and the enforceability of the Series 2018-A Warrants and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Series 2018-A Warrants (other than the form of our legal opinion set forth in Appendix C-1) or regarding any federal bankruptcy court proceedings involving the Issuer. Further, we express no opinion regarding tax consequences arising with respect to the Series 2018-A Warrants other than as expressly set forth herein.

This opinion is limited to the matters stated herein, and no opinion may be implied or inferred beyond the matters expressly stated herein. This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may change or which may hereafter come to our attention or to reflect any changes in the law that may hereafter occur.

Very truly yours,

APPENDIX C-2

PROPOSED APPROVING OPINION OF BOND COUNSEL TO THE COUNTY SERIES 2018-B WARRANTS

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(Letterhead of Balch & Bingham LLP, Bond Counsel)

May 31, 2018

Holders of the Series 2018-B Warrants referred to below

Re: $26,815,000 General Obligation Refunding Warrants, Series 2018-B, issued by Jefferson County, Alabama

Ladies and Gentlemen:

We have acted as bond counsel to Jefferson County, Alabama, a political subdivision of the State of Alabama (the "Issuer"), in connection with the issuance of $26,815,000 aggregate principal amount of General Obligation Refunding Warrants, Series 2018-B (the "Series 2018-B Warrants"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

The Series 2018-B Warrants are issued pursuant to Title 11, Chapter 28 of the Code of Alabama 1975 (the "Enabling Law") and that certain Trust Indenture dated as of May 1, 2018 between the Issuer and Wilmington Trust, National Association, as trustee (the "Indenture"). Pursuant to the Indenture, the Issuer has pledged its full faith and credit for the payment of the principal of, premium (if any) and interest on the Series 2018-B Warrants when due.

Regarding questions of fact material to our opinion, we have relied on the representations of the Issuer contained in the Indenture, and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

The Issuer has authorized the issuance of and sold, and issued on May 24, 2018, its General Obligation Refunding Warrants, Series 2018-A (the "Series 2018-A Warrants"). The Series 2018-B Warrants and the Series 2018-A Warrants will be treated as a single issue for purposes of the Internal Revenue Code of 1986, as amended (the "Code").

Based on the foregoing, we are of the opinion that, under the existing law:

1. The Issuer is validly existing as a political subdivision of the State of Alabama with the power to enter into the Indenture, perform the agreements on its part contained therein, and issue the Series 2018-B Warrants.

2. The Indenture has been duly authorized by the Issuer and constitutes a valid and binding and enforceable obligation of the Issuer.

3. The Series 2018-B Warrants have been duly authorized and executed by the Issuer, and are valid and binding orders upon the Treasurer of the Issuer for the payment of the principal and

premium (if any) thereof and interest thereon and evidence and order paid the valid general obligation indebtedness of the Issuer.

4. Interest on the Series 2018-B Warrants is excluded from gross income for federal income tax purposes and will not be included in computing the federal alternative minimum taxable income of individuals or, except as hereinafter described, corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2018-B Warrants in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2018-B Warrants to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2018-B Warrants. For taxable years that began before January 1, 2018, interest on the Series 2018-B Warrants owned by a corporation will be included in such corporation's adjusted current earnings for purposes of computing the federal alternative minimum tax on such corporation, other than an S corporation, a regulated investment company, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust. The federal alternative minimum tax on corporations has been repealed for taxable years beginning on or after January 1, 2018.

5. Interest on the Series 2018-B Warrants is exempt from income taxation by the State of Alabama.

The foregoing opinion as to federal tax matters concerning the Series 2018-B Warrants also will be dependent upon the accuracy of certain representations and certifications, and continuing compliance with certain covenants, that will be required to be made by the Issuer in connection with the issuance of the Series 2018-A Warrants and that will be intended to evidence and assure that the Series 2018-B Warrants and the Series 2018-A Warrants are and will remain obligations the interest on which is excluded from gross income for federal tax purposes.

The rights of the owners of the Series 2018-B Warrants and the enforceability of the Series 2018-B Warrants and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Series 2018-B Warrants (other than the form of our legal opinion set forth in Appendix C-2) or regarding any federal bankruptcy court proceedings involving the Issuer. Further, we express no opinion regarding tax consequences arising with respect to the Series 2018-B Warrants other than as expressly set forth herein.

This opinion is limited to the matters stated herein, and no opinion may be implied or inferred beyond the matters expressly stated herein. This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may change or which may hereafter come to our attention or to reflect any changes in the law that may hereafter occur.

Very truly yours,

APPENDIX D

FORM OF THE INDENTURE

TRUST INDENTURE

between

JEFFERSON COUNTY, ALABAMA

and

WILMINGTON TRUST, NATIONAL ASSOCIATION, as trustee

dated as of May 1, 2018

Relating to the issuance of

$111,360,000
JEFFERSON COUNTY, ALABAMA
General Obligation Refunding Warrants
Series 2018-A

$26,815,000
JEFFERSON COUNTY, ALABAMA
General Obligation Refunding Warrants
(Delayed Delivery)
Series 2018-B

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TRUST INDENTURE (this "Indenture") between **JEFFERSON COUNTY, ALABAMA**, a political subdivision of the State of Alabama (herein called the "Issuer"), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association, as trustee (herein called the "Trustee"),

Recitals

A. The Issuer has duly authorized the issuance of its $111,360,000 aggregate principal amount of General Obligation Refunding Warrants, Series 2018-A (the "Series 2018-A Warrants") and its $26,815,000 aggregate principal amount of General Obligation Refunding Warrants (Delayed Delivery), Series 2018-B (the "Series 2018-B Warrants") pursuant to this Indenture.

B. The Series 2018-A Warrants are being issued for the purpose of (i) refunding, on a current basis, the Issuer's outstanding General Obligation Capital Improvement and Refunding Warrants, Series 2003-A, dated March 1, 2003 (the "Series 2003-A Warrants"), (ii) refunding, on a current basis, the Issuer's outstanding General Obligation Capital Improvement Warrants, Series 2004-A, dated August 1, 2004 (the "Series 2004-A Warrants"), (iii) providing funds to cause to be redeemed and retired the outstanding Lease Revenue Warrants, Series 2006, dated August 1, 2006 (the "2006 PBA Warrants"), issued by the Jefferson County Public Building Authority, a public corporation under the laws of the state of Alabama (the "Authority") to finance facilities for the use and benefit of the Issuer, and (iv) paying the costs of issuing the Series 2018-A Warrants.

C. The Series 2018-B Warrants are being issued for the purpose of (i) refunding, on a current basis, the Issuer's outstanding General Obligation Warrants, Series 2013-A, dated December 3, 2013 (the "Series 2013-A Warrants") due (by maturity or by mandatory redemption) on April 1, 2020 and April 1, 2021 in the aggregate principal amount of $13,405,000, (ii) refunding, on a current basis, the Issuer's outstanding General Obligation Warrants, Series 2013-C, dated December 3, 2013 (the "Series 2013-C Warrants") due (by maturity or by mandatory redemption) on April 1, 2020 and April 1, 2021 in the aggregate principal amount of $13,220,000, and (iii) paying the costs of issuing the Series 2018-B Warrants.

D. The Series 2018-B Warrants will be delivered by the Issuer pursuant to the terms and conditions set forth in a Delayed Delivery Purchase Agreement (the "Delayed Delivery Purchase Agreement") between the Issuer and Raymond James & Associates, Inc., as representative of the underwriters for the Series 2018-B Warrants (the "Underwriters"). Subject to the terms of the Delayed Delivery Purchase Agreement, the Issuer expects to issue and deliver the Series 2018-B Warrants on September 17, 2018, or on such later date as is mutually agreed upon by the Issuer and the Underwriters.

E. For purposes of this Indenture, all references to the "Series 2018 Warrants" will mean only the Series 2018-A Warrants unless and until the Series 2018-B Warrants are delivered. Once the Series 2018-B Warrants are delivered, all references to the "Series 2018 Warrants" will include both the Series 2018-A Warrants and the Series 2018-B Warrants.

F. The Series 2018 Warrants are general obligations of the Issuer for the payment of which its full faith and credit is pledged.

G. Payment of the Series 2018 Warrants is secured by a pledge and assignment of the Trust Estate established under this Indenture, which includes money in the funds and accounts designated as "Indenture Funds" under this Indenture.

H. All things have been done which are necessary to make the Series 2018 Warrants, when executed by the Issuer and authenticated and delivered by the Trustee hereunder, the valid obligations of the Issuer, and to constitute this Indenture a valid trust indenture for the security of the Series 2018 Warrants, in accordance with the terms of this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and of the purchase and acceptance of the Series 2018 Warrants by the Holders thereof from time to time, and the acceptance by the Trustee of the trusts hereby created, and to declare the terms and conditions upon and subject to which the Series 2018 Warrants are, and are intended, to be issued, held, secured and enforced, and to secure the payment of the principal of and the interest on the Series 2018 Warrants, and to secure the performance and observance of all of the covenants and conditions therein and herein contained, the Issuer has executed and delivered this Indenture for the equal and proportionate benefit and security, to the extent herein provided, of all present and future Holders of the Series 2018 Warrants, and for the security and the enforcement of the payment of the principal of and interest on the Series 2018 Warrants when payable.

ARTICLE I

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.1 Definitions

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the meaning indicated:

"**2004-A Escrow Agreement**" shall mean that certain Escrow Trust Agreement dated as of May 1, 2018, between the Issuer and the 2004-A Escrow Trustee to effect the defeasance of the Series 2003-A Warrants and the Series 2004-A Warrants.

"**2004-A Escrow Trustee**" shall mean U.S. Bank, National Association as paying agent for the Series 2004-A Warrants.

"**2006 PBA Escrow Agreement**" shall mean that certain Escrow Trust Agreement dated as of May 1, 2018, between the Issuer and the 2006 PBA Trustee.

"**2006 PBA Trustee**" shall mean First Commercial Bank as trustee for the 2006 PBA Warrants.

"**2006 PBA Warrants**" shall mean The Jefferson County Public Building Authority Lease Revenue Warrants, Series 2006, dated August 1, 2006.

"**2013 Escrow Agreement**" shall mean that certain Escrow Trust Agreement dated as of September 1, 2018, between the Issuer and the 2013 Escrow Trustee.

"**2013 Escrow Trustee**" shall mean UMB Bank n.a. as trustee for the Series 2013-A Warrants and the Series 2013-C Warrants.

"**Act of Bankruptcy**" shall mean the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against a person under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect.

"**Authorized Denominations**" shall mean $5,000 or any integral multiple thereof.

"**Authorized Representative**" shall mean the President of the County Commission, the County Manager, the Chief Financial Officer of the Issuer, or any person or persons designated by the Issuer by resolution to act on behalf of the Issuer under this Indenture. The designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons and signed on behalf of the Issuer by the President of the County Commission.

"**Book Entry System**" shall mean the electronic system maintained by DTC for the ownership, transfer, exchange and payment of debt obligations.

"**Business Day**" shall mean any day other than a Saturday, a Sunday, or a day on which the Trustee is authorized to be closed under general law or regulation applicable in the place where the Trustee performs its obligations under the Indenture.

"**Costs of Issuance**" shall mean the expenses incurred by the Issuer in connection with the issuance of the Series 2018 Warrants, including legal, consulting, accounting and Trustee fees.

"**Debt Service**" shall mean the principal, redemption premium (if any) and interest payable on the Series 2018 Warrants.

"**Debt Service Fund**" shall mean the fund established pursuant to ***Section 8.1***.

"**Defaulted Interest**" shall have the meaning stated in ***Section 4.2(l)***.

"**Defeased**", when used with respect to Indenture Indebtedness, shall have the meaning assigned in ***Section 14.1***.

"**Delayed Delivery Purchase Agreement**" shall mean that certain Delayed Delivery Purchase Agreement entered into by the Issuer and Raymond James & Associates, Inc., as representative of the Underwriters, in connection with the delayed delivery of the Series 2018-B Warrants.

"**DTC**" shall mean The Depository Trust Company and its successors and assigns.

"**Enabling Law**" shall mean Title 11, Chapter 28 (Section 11-28-1 *et seq.*) of the Code of Alabama 1975.

"**Event of Default**" under this Indenture shall have the meaning assigned in ***Section 11.1***. An Event of Default shall "exist" if an Event of Default shall have occurred and be continuing.

"**Favorable Tax Opinion**" shall mean an Opinion of Counsel acceptable to the Trustee and the Issuer stating in effect that the proposed action, together with any other changes with respect to the Series 2018 Warrants made or to be made in connection with such action, will not cause interest on the Series 2018 Warrants to become includable in gross income of the Holders for purposes of federal income taxation.

"**Federal Securities**" shall mean noncallable, nonprepayable, direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America.

"**Financing Participants**" shall mean the Issuer and the Trustee.

"**Fiscal Year**" shall mean the fiscal year of the Issuer.

"**Fitch**" shall mean Fitch Ratings, Inc.

"**Holder**" or "**Warrantholder**" shall mean (i) if the Book Entry System is not in effect, the person in whose name such Series 2018 Warrant is registered on the Warrant Register maintained by the Trustee and (ii) if the Book Entry System is in effect, the beneficial owner of such Series 2018 Warrant on the records maintained pursuant to the Book Entry System.

"**Indenture**" shall mean this instrument as originally executed or as it may from time to time be supplemented, modified or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

"**Indenture Funds**" shall mean any fund or account established pursuant to this Indenture.

"**Indenture Indebtedness**" shall mean all indebtedness of the Issuer at the time secured by this Indenture, including without limitation (a) all Debt Service on the Series 2018 Warrants and (b) all reasonable fees, charges and disbursements of the Trustee for services performed and disbursements made under this Indenture.

"**Interest Payment Date**", when used with respect to any installment of interest on a Series 2018 Warrant, shall mean the date specified in this Indenture as the date on which such installment of interest is due and payable.

"**Internal Revenue Code**" shall mean the Internal Revenue Code of 1986, as amended.

"**Issuer**" shall mean Jefferson County, Alabama, a political subdivision of the State.

"**Maturity Date**", when used with respect to any Series 2018 Warrant, shall mean the date specified in herein on which principal of any such Series 2018 Warrant is due and payable.

"**Moody's**" shall mean Moody's Investors Service, Inc.

"**Office of the Trustee**" shall mean the office of the Trustee for hand delivery of notices and other documents, as specified pursuant to ***Section 15.1***.

"**Opinion of Counsel**" shall mean an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion. Except as otherwise expressly provided in this Indenture, the attorney or attorneys rendering such opinion may be counsel for one or more of the Financing Participants, including counsel in the full-time employment of a Financing Participant.

"**Outstanding**", when used with respect to Series 2018 Warrants, shall mean, as of the date of determination, all Series 2018 Warrants, as appropriate, authenticated and delivered under this Indenture, except:

(1) Series 2018 Warrants cancelled by the Trustee or delivered to the Trustee for cancellation,

(2) Series 2018 Warrants for whose payment or redemption money in the necessary amount has been deposited with the Trustee in trust for the Holders of such Series 2018 Warrants or for which provision for payment has been made in accordance with ***Section 14.2*** hereof, provided that, if such Series 2018 Warrants are to be redeemed, notice of such redemption has

been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made, and

(3) Series 2018 Warrants in exchange for or in lieu of which other Series 2018 Warrants, as appropriate, have been authenticated and delivered under this Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Series 2018 Warrants outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Series 2018 Warrants owned by the Issuer shall be disregarded and deemed not to be outstanding. Series 2018 Warrants owned by the Issuer which have been pledged in good faith may be regarded as outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Series 2018 Warrants.

"**Post-Default Rate**" shall mean (a) when used with respect to any payment of Debt Service on any Series 2018 Warrant, the interest rate applicable to such Series 2018 Warrant on the date such Debt Service became due, and (b) when used with respect to all other payments due under this Indenture, a variable rate equal to the Trustee's prime or base rate plus 2.0% (200 basis points), in each case computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed.

"**Principal Payment Date**" shall mean each date on which principal is due and payable on the Series 2018 Warrants.

"**Qualified Investments**" shall mean:

(a) Federal Securities;

(b) obligations of the State, or obligations of any county or municipal corporation of the State, provided such obligations are rated by a Rating Agency in any one of the three highest rating categories (without regard to variations within a category);

(c) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States;

(d) Obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States:

(1) Farmers Home Administration,

(2) General Services Administration,

(3) U. S. Maritime Administration,

(4) Small Business Administration,

(5) Government National Mortgage Association (GNMA),

(6) U. S. Department of Housing and Urban Development (HUD), or

(7) Federal Housing Administration (FHA);

(e) U. S. dollar denominated deposit accounts and certificates of deposit with banks or savings associations which are qualified public depositories under Chapter 14A of Title 41 of the Code of Alabama 1975;

(f) Pre-refunded public obligations, defined as follows: Any bonds or other obligations of any state of the United States or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call on the date specified in the notice, and (ii) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in subdivision (c) above, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (iii) which fund is sufficient, as verified by an Independent Certified Public Accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this paragraph, as appropriate, and (iv) which are rated, based on the escrow, in the highest rating category of S&P and Moody's, or any successors thereto; or

(g) Interests, however evidenced, in any common trust fund or other collective investment fund maintained by any national or state chartered bank, trust company or savings association having trust powers (including the Trustee or an affiliate of the Trustee), or securities of or other interests in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, so long as all of the following requirements are met at the time of purchase and during the term of investment: (i) At least 65% of the portfolio of such common trust fund, collective investment fund or investment company or investment trust must consist of investments authorized in subdivisions (c), (d), (e), or (f) above, and (ii) the remainder of the portfolio (if any, but not more than 35%) may consist only of the following investments: (x) obligations issued or guaranteed by the following agencies (stripped securities are only permitted if such security is created by the agency itself): Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), including FNMA, and FHLMC participation certificates, Federal Land Banks, Central Bank for Cooperatives, Federal Intermediate Credit Banks, Student Loan Marketing Association, and Federal Home Loan Banks, or (y) repurchase agreements fully collateralized by obligations, securities or investments otherwise authorized under subclauses (i) and (ii) of this paragraph (g), so long as the common trust fund, collective investment fund, investment company or investment trust takes possession and delivery of the collateral for any repurchase agreement either directly or through an authorized custodian. The fact that any financial institution making such investment on behalf of the Issuer, or any affiliate of such financial institution, is providing services to the investment company or investment trust as an investment advisor, sponsor, distributor, custodian, transfer agent, registrar, or otherwise, and is receiving reasonable remuneration for such services, shall not preclude such institution from making the investment in the securities of such investment company or investment trust; provided, however, that with respect to any account for which fees are charged for such services, the said financial institution shall disclose (by prospectus, account statement or otherwise) to the Issuer or to any third party directing investments the basis (expressed as a percentage of asset value or otherwise) upon which the fee is calculated.

"**Rating Agency**" shall mean Moody's, S&P, Fitch and any other nationally recognized securities rating agency.

"**Regular Record Date**" shall mean the 15th day (whether or not a Business Day) of the month next preceding the relevant Interest Payment Date.

"**Responsible Officer**" when used with respect to the Trustee shall mean the chairman or vice-chairman of the board of directors, the chairman or vice-chairman of the executive committee of the board of directors, the president, any vice-president, any trust officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and who, in any event is located at the principal corporate trust office of the Trustee and shall also mean, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject, and with respect to any signature on or authentication of Series 2018 Warrants by the Trustee, the term "Responsible Officer" shall also include any authorized signers of the Trustee.

"**S&P**" shall mean S&P Global Ratings Inc.

"**Series 2003-A Warrants**" shall mean the Issuer's General Obligation Capital Improvement and Refunding Warrants, Series 2003-A, dated March 1, 2003.

"**Series 2004-A Warrants**" shall mean the Issuer's General Obligation Capital Improvement Warrants, Series 2004-A, dated August 1, 2004.

"**Series 2013-A Warrants**" shall mean the Issuer's General Obligation Warrants, Series 2013-A, dated December 3, 2013.

"**Series 2013-C Warrants**" shall mean the Issuer's General Obligation Warrants, Series 2013-C, dated December 3, 2013.

"**Series 2018 Costs of Issuance Fund**" shall mean the fund established pursuant to ***Section 8.2***.

"**Series 2018 Warrants**" shall only mean the Series 2018-A Warrants issued hereunder unless and until the Series 2018-B Warrants are issued hereunder, following which all references to the Series 2018 Warrants will include the Series 2018-A Warrants and the Series 2018-B Warrants, collectively.

"**Series 2018-A Warrants**" shall mean the Issuer's General Obligation Refunding Warrants, Series 2018-A, issued hereunder.

"**Series 2018-B Warrants**" shall mean the Issuer's General Obligation Refunding Warrants (Delayed Delivery), Series 2018-B, issued hereunder.

"**Special Record Date**" for the payment of any Defaulted Interest on the Series 2018 Warrants means a date fixed by the Trustee pursuant to ***Section 4.2(l)***.

"S**tate**" shall mean the State of Alabama.

"**Tax Certificate and Agreement**" shall mean that certain Tax Certificate and Agreement entered into by the Issuer in connection with the issuance of the Series 2018 Warrants.

"**Taxable**" shall mean that for purposes of federal income taxation interest on the Series 2018 Warrants is includible in the gross income of any Holder thereof for any reason. Interest on the Series 2018 Warrants shall not be deemed "Taxable" because interest is includible in any calculation of income for purposes of an alternative minimum tax, a foreign branch profits tax or any other type of taxation other than the regular tax imposed on gross income.

"**Tenor**", when used to describe the distinguishing characteristics of a Series 2018 Warrant or group of Series 2018 Warrants, means the series designation, Maturity Date, interest rate and CUSIP number of such Series 2018 Warrant or group of Series 2018 Warrants. Series 2018 Warrants of the same Tenor have the same series designation, Maturity Date, interest rate and CUSIP number.

"**Trust Estate**" shall have the meaning attributed to that term in ***Section 3.1***.

"**Trustee**" shall mean Wilmington Trust, National Association in its capacity as trustee under the Indenture, and its successors as such trustee.

"**Underwriters**" shall mean the underwriters for the Series 2018-B Warrants.

"**Warrant Documents**" shall mean the Series 2018 Warrants and the Indenture.

"**Warrant Payment Date**" shall mean each date on which Debt Service is payable on the Series 2018 Warrants.

"**Warrant Register**" shall mean the register or registers for the registration and transfer of Series 2018 Warrants maintained by the Issuer pursuant to ***Section 4.2(c)***.

"**Wire Transfer**" shall mean payment by wire transfer to an account maintained at a bank located in the United States; provided, however, that any person entitled to receive any payment due under this Indenture by wire transfer must deliver adequate written instructions for such payment to the Trustee.

SECTION 1.2 General Rules of Construction

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) Defined terms in the singular shall include the plural as well as the singular, and vice versa.

(b) The definitions in the recitals to this instrument are for convenience only and shall not affect the construction of this instrument.

(c) All accounting terms not otherwise defined herein have the meaning assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles. All references herein to "generally accepted accounting principles" refer to such principles as they exist at the date of application thereof.

(d) All references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(e) The terms "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) The term “person” shall include any individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization and any government or any agency or political subdivision thereof.

(h) The term “including” means “including without limitation” and “including, but not limited to”.

SECTION 1.3 Effect of Action by Holders of Series 2018 Warrants

Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Series 2018 Warrant shall bind every future Holder of the same Series 2018 Warrant and the Holder of every Series 2018 Warrant issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Series 2018 Warrant.

SECTION 1.4 Effect of Headings and Table of Contents

The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.5 Date of Indenture

The date of this Indenture is intended as and for a date for the convenient identification of this Indenture and is not intended to indicate that this Indenture was executed and delivered on said date.

SECTION 1.6 Separability Clause

If any provision in this Indenture, or in the Series 2018 Warrants shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.7 Governing Law

This Indenture shall be construed in accordance with and governed by the laws of the State.

SECTION 1.8 Designation of Time for Performance

Except as otherwise expressly provided herein, any reference in this Indenture to the time of day shall mean the time of day in Birmingham, Alabama.

SECTION 1.9 Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

ARTICLE II

SOURCE OF PAYMENT

SECTION 2.1 General Obligation

The indebtedness evidenced and ordered paid by the Series 2018 Warrants shall be a general obligation of the Issuer for the payment of Debt Service on which the full faith and credit of the Issuer are hereby irrevocably pledged.

SECTION 2.2 Officials and Employees of the Issuer Exempt from Individual Liability

No recourse under or upon any covenant or agreement of this Indenture, or of any Series 2018 Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the Series 2018 Warrants issued hereunder are solely corporate obligations, and that no personal liability whatever shall attach to, or is or shall be incurred by, any public official or employee of the Issuer or any successor, or any of them, because of the issuance of the Series 2018 Warrants, or under or by reason of the covenants or agreements contained in this Indenture or in any Series 2018 Warrants or implied therefrom.

ARTICLE III

GRANTING CLAUSES

SECTION 3.1 Granting Clauses

To secure the payment of Debt Service on the Series 2018 Warrants and all other Indenture Indebtedness and the performance of the covenants herein and in the Series 2018 Warrants contained, and in consideration of the premises and of the purchase of the Series 2018 Warrants by the Holders thereof, the Issuer by these presents does hereby assign, transfer and pledge to the Trustee all and singular the following described property:

I

Indenture Funds

Money and investments from time to time on deposit in, or forming a part of, the Indenture Funds, subject to the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth herein.

II

Other Property

Any and all property of every kind or description which may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Indenture as additional security by the Issuer or anyone on its part or with its consent; and the Trustee is hereby authorized to receive any and all such property as and for additional security for the obligations secured hereby and to hold and apply all such property subject to the terms hereof.

TO HAVE AND TO HOLD all said property (herein collectively called the “Trust Estate”) unto the Trustee and its successors and assigns;

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the Holders from time to time of the Series 2018 Warrants (without any priority of any such Series 2018 Warrant over any other such Series 2018 Warrant) as herein provided.

ARTICLE IV

REGISTRATION, TRANSFER EXCHANGE AND PAYMENT OF THE SERIES 2018 WARRANTS

SECTION 4.1 The Book Entry System

(a) The ownership, transfer, exchange and payment of Series 2018 Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to ***Section 4.1(c)***.

(b) Except as otherwise expressly provided in this Indenture, while Series 2018 Warrants are in the Book Entry System the following provisions shall apply:

(1) In order to facilitate the Book Entry System, a physical certificate or physical certificates for the Series 2018 Warrants shall be executed and authenticated, registered in the name of DTC or its nominee, and delivered to DTC for safekeeping (including safekeeping by the Trustee pursuant to the “FAST” system or other procedures of the Book Entry System).

(2) The term “Series 2018 Warrant” means each separate security credited to a beneficial owner (or entitlement holder) pursuant to the Book Entry System, and the term “Holder” means the person identified pursuant to the Book Entry System as the beneficial owner of the related security.

(3) The terms and limitations of this Indenture with respect to each separate Series 2018 Warrant shall be applicable to each separate security credited to a beneficial owner under the Book Entry System.

(4) All payments of Debt Service on the Series 2018 Warrants shall be made by the Trustee through the Book Entry System, and payments by such method shall be valid and effective fully to satisfy and discharge the Issuer’s obligations with respect to such payments.

(c) The Trustee shall discontinue the Book Entry System at the request of the Issuer. The Trustee may terminate the Book Entry System without direction from, or consent of, the Issuer if the Trustee determines in good faith that termination is in the best interest of the Holders. Notice of termination of the Book Entry System shall be given to Holders not less than 20 days before such termination is effective.

(d) If the Book Entry System is discontinued, (i) a physical certificate or physical certificates shall be executed, authenticated and delivered to each beneficial owner, or entitlement holder, under the

Book Entry System in accordance with such holder's ownership of Series 2018 Warrants, (ii) such certificates shall be registered in the Warrant Register maintained by the Trustee, and (iii) the remaining provisions of this Article shall govern the registration, transfer, exchange and payment of Warrants.

(e) The Issuer and the Trustee shall not have any responsibility or obligation to any participant, beneficial owner or entitlement holder with respect to (1) the accuracy of any records maintained by DTC or any participant; (2) the payment by DTC or any participant of any amount due to any beneficial owner or entitlement holder in respect of the principal of, or premium (if any) and interest on the Series 2018 Warrants; (3) the delivery or timeliness of delivery by DTC or any participant of any notice due to any beneficial owner or entitlement holder which is required or permitted under the terms of this Indenture to be given to beneficial owners or entitlement holders; (4) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Series 2018 Warrants; or (5) any consent given or other action taken by DTC or its nominee, as owner.

SECTION 4.2 Alternate Provisions Regarding Payment, Registration, Transfer and Exchange of Warrants

(a) If the Book Entry System is discontinued, the provisions of this Section shall control the registration, transfer, exchange and payment of Series 2018 Warrants.

(b) Payment of Debt Service on the Series 2018 Warrants shall be made as follows:

(1) Payment of interest on the Series 2018 Warrants which is due on any Interest Payment Date shall be made by check or draft mailed by the Trustee to the persons entitled thereto at their addresses appearing in the Warrant Register. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date).

(2) Payment of the principal of (and premium, if any, on) the Series 2018 Warrants and payment of accrued interest on the Series 2018 Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender thereof at the Office of the Trustee.

(3) Upon the written request of any Holder of Series 2018 Warrants in a principal amount of at least $1,000,000, the Trustee shall make payments of Debt Service by Wire Transfer, provided that (i) such request contains adequate instructions for the method of payment, and (ii) payment of the principal of (and redemption premium, if any, on) such Series 2018 Warrants and payment of the accrued interest on such Series 2018 Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender of such Series 2018 Warrants to the Trustee.

(c) The Issuer shall cause to be kept at the Office of the Trustee a register (herein sometimes referred to as the "Warrant Register") in which, subject to such reasonable regulations as it may prescribe, the Issuer shall provide for the registration of Series 2018 Warrants and registration of transfers of Series 2018 Warrants entitled to be registered or transferred as herein provided. The Trustee is hereby appointed as agent of the Issuer for the purpose of registering Series 2018 Warrants and transfers of Series 2018 Warrants as herein provided.

(d) Upon surrender for transfer of any Series 2018 Warrant at the Office of the Trustee, the Issuer shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Series 2018 Warrants of the same Tenor, of any Authorized Denominations and of a like aggregate principal amount.

(e) At the option of the Holder, Series 2018 Warrants may be exchanged for other Series 2018 Warrants of the same Tenor, of any Authorized Denominations and of a like aggregate principal amount, upon surrender of the Series 2018 Warrants to be exchanged at the Office of the Trustee. Whenever any Series 2018 Warrants are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Series 2018 Warrants which the Holder making the exchange is entitled to receive.

(f) All Series 2018 Warrants surrendered upon any exchange or transfer provided for in this Indenture shall be promptly cancelled by the Trustee.

(g) All Series 2018 Warrants issued upon any transfer or exchange of Series 2018 Warrants shall be the valid obligations of the Issuer and entitled to the same security and benefits under this Indenture as the Series 2018 Warrants surrendered upon such transfer or exchange.

(h) Every Series 2018 Warrant presented or surrendered for transfer or exchange shall contain, or be accompanied by, all necessary endorsements for transfer.

(i) No service charge shall be made for any transfer or exchange of Series 2018 Warrants, but the Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 2018 Warrants.

(j) The Issuer shall not be required (i) to transfer or exchange any Series 2018 Warrant during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Series 2018 Warrants and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Series 2018 Warrant so selected for redemption in whole or in part.

(k) Interest on any Series 2018 Warrant which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Series 2018 Warrant is registered at the close of business on the Regular Record Date for such Interest Payment Date.

(l) Any interest on any Series 2018 Warrant which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest shall be paid by the Issuer to the persons in whose names such Series 2018 Warrants are registered at the close of business on a special record date (herein called a "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Issuer shall notify the Trustee of the amount of Defaulted Interest proposed to be paid on each Series 2018 Warrant and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time the Issuer shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided and not to be deemed part of the Trust Estate. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the Warrant Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Series 2018 Warrants are registered on such Special Record Date.

(m) Subject to the foregoing provisions of this Section, each Series 2018 Warrant delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Series 2018 Warrant shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Series 2018 Warrant and each such Series 2018 Warrant shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

(n) All Series 2018 Warrants surrendered for payment, redemption, transfer or exchange, shall be promptly cancelled by the Trustee. The Trustee may destroy cancelled certificates. No Series 2018 Warrant shall be authenticated in lieu of or in exchange for any Series 2018 Warrant cancelled as provided in this Section, except as expressly provided by this Indenture.

SECTION 4.3 Persons Deemed Owners

(a) If the Book Entry System is in effect, the ownership of Series 2018 Warrants shall be determined pursuant to the rules and regulations of the Book Entry System.

(b) If the Book Entry System is terminated, the registered Holder of each Series 2018 Warrant shall be treated as the owner of such Series 2018 Warrant for purposes of this Indenture.

SECTION 4.4 Trustee as Paying Agent

Debt Service on the Series 2018 Warrants shall be payable on behalf of the Issuer by the Trustee, which has been designated as the paying agent of the Issuer for purposes of this Indenture.

SECTION 4.5 Payments Due on Non-Business Days

Except as otherwise expressly provided by this Indenture, if any payment on the Series 2018 Warrants is due on a day which is not a Business Day, such payment may be made on the first succeeding day which is a Business Day with the same effect as if made on the day such payment was due.

SECTION 4.6 Currency for Payment

Payment of Debt Service on the Series 2018 Warrants shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

ARTICLE V

SPECIFIC TERMS FOR SERIES 2018 WARRANTS AND DISPOSITION OF PROCEEDS

SECTION 5.1 Specific Title and Terms of the Series 2018-A Warrants

(a) **Title and Amount.** The Series 2018-A Warrants shall be entitled “General Obligation Refunding Warrants, Series 2018-A”. The aggregate principal amount of the Series 2018-A Warrants which may be Outstanding is limited to $111,360,000.

(b) **Authorized Denominations.** The Series 2018-A Warrants shall be in Authorized Denominations.

(c) **Form and Number.** The Series 2018-A Warrants shall be issuable as registered warrants without coupons in Authorized Denominations. The Series 2018-A Warrants shall be numbered separately from 1 upward. In order to facilitate the Book Entry System, a single Series 2018-A Warrant certificate for all Series 2018-A Warrants of the same Tenor shall be delivered to the Trustee. The Series 2018-A Warrants and the certificate of authentication shall be substantially as set forth in ***Exhibit 5.1(c)***, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

(d) Maturity Dates and Interest Rates. The Series 2018-A Warrants shall be issued with fixed interest rates and shall mature on April 1 in years and amounts as follows:

Year of Maturity (April 1)	**Principal Amount Maturing**	**Initial CUSIP Number**	**Applicable Interest Rate**
2019	$ 9,520,000	472628RJ7	4.000%
2020	9,000,000	472628RK4	5.000
2021	9,450,000	472628RL2	5.000
2022	18,140,000	472628RM0	5.000
2023	19,050,000	472628RN8	5.000
2024	20,000,000	472628RP3	5.000
2025	12,780,000	472628RQ1	5.000
2026	13,420,000	472628RR9	5.000

(e) **Date**. The Series 2018-A Warrants shall be dated as of the date of initial delivery of the Series 2018-A Warrants.

(f) **Interest Payment Dates**. Interest on the Series 2018-A Warrants shall be payable in arrears on (i) April 1 and October 1 in each year, beginning on October 1, 2018, and (ii) the Maturity Date.

(g) **Person to Whom Interest Payable**. If the Book Entry System is in effect, the Trustee shall pay interest to DTC, and interest payments shall be distributed by DTC to Holders in accordance with the rules and regulations of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date for the Series 2018-A Warrants shall be payable to Holders as of the Regular Record Date for such Interest Payment Date.

(h) **Computation of Interest Accrual**. The Series 2018-A Warrants shall bear interest from their date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in this Article. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(i) **Interest on Overdue Payments**. Interest shall be payable on overdue principal on the Series 2018-A Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Series 2018-A Warrants at the Post-Default Rate.

(j) **Execution and Authentication.** Physical certificates evidencing the Series 2018-A Warrants shall be executed on behalf of the Issuer by the President of the County Commission under its official seal reproduced thereon and attested by its Minute Clerk and shall be registered as claims against the Issuer (payable solely from the sources specified herein) by the Treasurer of the Issuer. The signature of any of these officers on the Series 2018-A Warrants may be manual or, to the extent permitted by law, facsimile. Series 2018-A Warrants bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2018-A Warrants or shall not have held such offices at the date of such Series 2018-A Warrants. No Series 2018-A Warrant shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Series 2018-A Warrant a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any Series 2018-A Warrant shall be conclusive evidence, and the only evidence, that such Series 2018-A Warrant has been duly authenticated and delivered hereunder.

SECTION 5.2 Specific Title and Terms of the Series 2018-B Warrants

(a) **Title and Amount.** The Series 2018-B Warrants shall be entitled "General Obligation Refunding Warrants (Delayed Delivery), Series 2018-B". The aggregate principal amount of the Series 2018-B Warrants which may be Outstanding is limited to $26,815,000. The Series 2018-B Warrants will have a delayed delivery and are expected to be available for such delivery on September 17, 2018.

(b) **Authorized Denominations.** The Series 2018-B Warrants shall be in Authorized Denominations.

(c) **Form and Number.** The Series 2018-B Warrants shall be issuable as registered warrants without coupons in Authorized Denominations. The Series 2018-B Warrants shall be numbered separately from 1 upward. In order to facilitate the Book Entry System, a single Series 2018-B Warrant certificate for all Series 2018-B Warrants of the same maturity and interest rate shall be delivered to the Trustee. The Series 2018-B Warrants and the certificate of authentication shall be substantially as set forth in ***Exhibit 5.2(c)***, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture.

(d) Maturity Dates and Interest Rates. The Series 2018-B Warrants shall be issued with fixed interest rates and shall mature on April 1 in years and amounts as follows:

Year of Maturity (April 1)	**Principal Amount Maturing**	**Initial CUSIP Number**	**Applicable Interest Rate**
2019	$ 460,000	472628RS7	4.000%
2020	12,885,000	472628RT5	5.000
2021	13,470,000	472628RU2	5.000

(e) **Date**. The Series 2018-B Warrants shall be dated as of the date of initial delivery of the Series 2018-B Warrants.

(f) **Interest Payment Dates**. Interest on the Series 2018-B Warrants shall be payable in arrears on (i) April 1 and October 1 in each year, beginning on April 1, 2019, and (ii) the Maturity Date.

(g) **Person to Whom Interest Payable**. If the Book Entry System is in effect, the Trustee shall pay interest to DTC, and interest payments shall be distributed by DTC to Holders in accordance with the rules and regulations of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date for the Series 2018-B Warrants shall be payable to Holders as of the Regular Record Date for such Interest Payment Date.

(h) **Computation of Interest Accrual**. The Series 2018-B Warrants shall bear interest from their date, or the most recent date to which interest has been paid or duly provided for, at the applicable rate per annum set forth in this Article. Interest shall be computed on the basis of a 360-day year with 12 months of 30 days each.

(i) **Interest on Overdue Payments**. Interest shall be payable on overdue principal on the Series 2018-B Warrants and (to the extent legally enforceable) on any overdue installment of interest on the Series 2018-B Warrants at the Post-Default Rate.

(j) **Execution and Authentication.** Physical certificates evidencing the Series 2018-B Warrants shall be executed on behalf of the Issuer by the President of the County Commission under its official seal reproduced thereon and attested by its Minute Clerk and shall be registered as claims against the Issuer (payable solely from the sources specified herein) by the Treasurer of the Issuer. The signature of any of these officers on the Series 2018-B Warrants may be manual or, to the extent permitted by law, facsimile. Series 2018-B Warrants bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the authentication and delivery of such Series 2018-B Warrants or shall not have held such offices at the date of such Series 2018-B Warrants. No Series 2018-B Warrant shall be secured by, or be entitled to any lien, right or benefit under, this Indenture or be valid or obligatory for any purpose, unless there appears on such Series 2018-B Warrant a certificate of authentication substantially in the form provided for herein, executed by the Trustee by manual signature, and such certificate upon any Series 2018-B Warrant shall be conclusive evidence, and the only evidence, that such Series 2018-B Warrant has been duly authenticated and delivered hereunder.

SECTION 5.3 Proceeds From Sale of Series 2018 Warrants

The proceeds from the sale of the Series 2018 Warrants to the original purchaser or purchasers thereof shall be applied as follows:

(a) Proceeds of the Series 2018-A Warrants in the amount of $73,906,487.72, which amount is sufficient to refund the Series 2003-A Warrants and the Series 2004-A Warrants, shall be transferred to the 2004-A Escrow Trustee for deposit under the 2004-A Escrow Agreement.

(b) Proceeds of the Series 2018-A Warrants in the amount of $48,546,831.33, which amount is sufficient to refund the 2006 PBA Warrants, shall be transferred to the 2006 PBA Escrow Trustee for deposit under the 2006 PBA Escrow Agreement.

(c) Proceeds of the Series 2018-B Warrants in the amount of $28,034,498.92, which amount is sufficient to refund the Series 2013-A Warrants and the Series 2013-C Warrants, shall be transferred to the 2013 Escrow Trustee for deposit under the 2013 Escrow Agreement.

(d) The amount of proceeds of the Series 2018-A Warrants to be used for Costs of Issuance of the Series 2018-A Warrants shall be deposited in the Series 2018 Costs of Issuance Fund.

(e) The amount of proceeds of the Series 2018-B Warrants to be used for Costs of Issuance of the Series 2018-B Warrants shall be deposited in the Series 2018 Costs of Issuance Fund.

The amount of Series 2018 Warrant proceeds to be applied to each purpose identified in this Section shall be specified by directions from an Authorized Representative delivered to the Trustee.

ARTICLE VI

NO REPURCHASE OBLIGATION OR TENDER RIGHTS

The Holders of the Series 2018 Warrants will not have the right or the obligation to tender Series 2018 Warrants for purchase by the Issuer.

ARTICLE VII

REDEMPTION OF SERIES 2018 WARRANTS

The Series 2018 Warrants will not be subject to redemption prior to maturity.

ARTICLE VIII

INDENTURE FUNDS

SECTION 8.1 Debt Service Fund

(a) There is hereby established a special trust fund which shall be designated the "Jefferson County General Obligation Warrants Series 2018 Debt Service Fund" (the "Debt Service Fund"). The Trustee shall be the depository, custodian and disbursing agent for the Debt Service Fund. The Debt Service Fund shall be part of the Trust Estate and shall be held by the Trustee for the benefit of the Holders of the Series 2018 Warrants.

(b) The Issuer shall make deposits to the Debt Service Fund at times and in amounts as follows:

(1) on or before the Business Day prior to each Interest Payment Date, an amount equal to the interest on the Series 2018 Warrants that is due and payable on such date;

(2) on or before the Business Day prior to each Principal Payment Date, an amount equal to the principal of Series 2018 Warrants that is due and payable on such date; and

(3) on or before the Business Day prior to each date fixed for the redemption of Series 2018 Warrants, an amount equal to the redemption price of the Series 2018 Warrants to be redeemed on such date.

(c) The Issuer shall receive a credit against the deposits required by ***Section 8.1(b)*** as follows:

(1) Investment income and profits from investments made in the Debt Service Fund shall be credited against such deposits as directed by the Issuer; and

(2) Any other money held by the Trustee and available under the terms of this Indenture for the payment of Debt Service on the Series 2018 Warrants shall be credited against such deposits as directed by the Issuer. Such directions must be consistent with any mandatory provision of this Indenture with respect to the required use of such money.

(d) The County acknowledges that the deposits required by ***Section 8.1(b)*** are intended to provide funds sufficient for the payment of Debt Service when due on all Series 2018 Warrants. Nonetheless, if the balance in the Debt Service Fund on any Warrant Payment Date is not sufficient to pay all Debt Service due on such date, the County shall immediately deposit in such fund an amount equal to the deficiency.

(e) On each Warrant Payment Date, money on deposit in the Debt Service Fund shall be applied by the Trustee for the payment of Debt Service on the Series 2018 Warrants becoming due on such Warrant Payment Date. The balance of such money on deposit, if any, shall be retained in the Debt Service Fund.

(f) If money is on deposit in the Debt Service Fund on any Warrant Payment Date sufficient to pay Debt Service on the Series 2018 Warrants due and payable on such Date, but the Holder of any Series 2018 Warrant that matures on such Date or that is subject to redemption on such Date fails to surrender such Series 2018 Warrant to the Trustee for payment of Debt Service due and payable on such Date, the Trustee shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay the Debt Service due and payable on such Series 2018 Warrant on such Date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Debt Service.

SECTION 8.2 Series 2018 Costs of Issuance Fund

(a) There is hereby established with the Trustee a trust fund which shall be designated the "Series 2018 Costs of Issuance Fund". Deposits to the Series 2018 Costs of Issuance Fund are to be made pursuant to ***Section 5.3***. The Trustee shall be the depository, custodian and disbursing agent for the Series 2018 Costs of Issuance Fund. The Series 2018 Costs of Issuance Fund shall be part of the Trust Estate and shall be held by the Trustee for the benefit of the Holders of the Series 2018 Warrants.

(b) Money in the Series 2018 Costs of Issuance Fund shall be paid out by the Trustee from time to time for the purpose of paying Costs of Issuance with respect to the Series 2018 Warrants upon delivery to the Trustee of a requisition substantially in the form attached as ***Exhibit 8.2***, executed by an Authorized Representative.

(c) After an Authorized Representative certifies to the Trustee that money remaining in the Series 2018 Costs of Issuance Fund is not needed to pay Costs of Issuance with respect to the Series 2018 Warrants, any balance remaining in the Series 2018 Costs of Issuance Fund shall be applied in such manner as the Issuer may direct; provided however that if the Issuer does not direct such balance to be used for the redemption of Series 2018 Warrants, such direction must be accompanied by a Favorable Tax Opinion.

SECTION 8.3 Investment of Indenture Funds

(a) Except as otherwise expressly provided in this Indenture, any money held as part of an Indenture Fund shall be invested or reinvested in Qualified Investments by the Trustee in accordance with the written instructions of the Issuer, to the extent that such investment is, in the opinion of the Trustee, feasible and consistent with the purposes for which such Fund was created. Any investment made with money on deposit in an Indenture Fund shall be held by or under control of the Trustee and shall be deemed at all times a part of the Indenture Fund where such money was on deposit, and the interest and profits realized from such investment shall be credited to such Indenture Fund and any loss resulting from such investment shall be charged to such Indenture Fund.

(b) Any investment of money in the Indenture Funds may be made by the Trustee through its own bond department, investment department or other commercial banking department providing investment services.

(c) The Trustee shall follow the written instructions of the Issuer with respect to investments of the Indenture Funds as provided in this Section, but the Trustee shall not be responsible for (i) determining that any such investment complies with the arbitrage limitations imposed by Section 148 of the Internal Revenue Code, or (ii) calculating the amount of, or making payment of, any rebate due to the United States under Section 148(f) of the Internal Revenue Code.

SECTION 8.4 Application of Funds After Indenture Indebtedness Defeased

(a) After all Outstanding Series 2018 Warrants have been paid or Defeased, any money or investments remaining in the Debt Service Fund shall be paid to the Issuer if no Indenture Default exists.

(b) After all Indenture Indebtedness has been paid or Defeased, any money or investments remaining in the Indenture Funds or otherwise constituting part of the Trust Estate shall be paid to the Issuer if no Indenture Default exists.

ARTICLE IX

REPRESENTATIONS AND COVENANTS

SECTION 9.1 General Representations and Warranties of the Issuer

The Issuer represents and warrants as follows:

(a) The Issuer is a political subdivision of the State. The Issuer has all requisite power and authority to conduct its business as currently conducted, to own its assets and to enter into and satisfy its obligations under this Indenture.

(b) Under the provisions of the Enabling Law and its organizational documents, it has the power to consummate the transactions described in the Warrant Documents to which it is a party.

(c) The execution and delivery by the Issuer of this Indenture and the performance of its obligations hereunder will not violate any existing law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Issuer, or result in a breach of any of the terms of, or constitute a default under or result in the creation or imposition of any lien on, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the Issuer is a party or by which it or any of its property is bound or any of the rules or regulations applicable to it or its property or any decree or order of any court or other governmental body.

(d) The execution, delivery and performance by the Issuer of this Indenture and the Series 2018 Warrants is within its power and authority under the provisions of the Constitution and laws of the State and has been duly authorized by all necessary action and will not contravene any authorizing resolution of the Issuer.

(e) This Indenture constitutes a legal, valid and binding obligation and is enforceable against the Issuer in accordance with its terms, except as enforcement thereof may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

SECTION 9.2 General Covenants of the Issuer

The Issuer covenants and agrees with the Holders of the Series 2018 Warrants as follows:

(a) The Issuer will not create or permit the creation of any pledge, lien, charge or encumbrance of any kind on the Trust Estate or any part thereof other than the lien of this Indenture.

(b) The Issuer will duly and punctually pay, or cause to be paid, the Debt Service on the Series 2018 Warrants as and when the same shall become due and will duly and punctually deposit, or cause to be deposited, in the Indenture Funds the amounts required to be deposited therein, all in accordance with the terms and conditions of the Series 2018 Warrants and this Indenture.

(c) The Issuer will at any and all times, upon the request of the Trustee, afford and procure a reasonable opportunity for the Trustee by its representatives to inspect any books, records, reports and other papers of the Issuer relating to the performance by the Issuer of its covenants in this Indenture, and the Issuer will furnish to the Trustee any and all information as the Trustee may reasonably request with respect to the performance by the Issuer of its covenants in this Indenture.

SECTION 9.3 Advances by the Trustee

If the Issuer shall fail to perform any of its covenants in this Indenture, the Trustee may in its sole discretion, but shall not be required, at any time and from time to time, after notice to the Issuer if no Event of Default exists, make advances to effect performance of any such covenant on behalf of the Issuer. Any money so advanced by the Trustee, together with interest at the Post-Default Rate, shall be repaid upon demand and such advances shall be secured under this Indenture prior to the Series 2018 Warrants.

ARTICLE X

COVENANTS REGARDING TAX-EXEMPT STATUS

SECTION 10.1 Compliance with Tax Certificate and Agreement

The Issuer will comply with the covenants and agreements on its part contained in the Tax Certificate and Agreement, including, without limitation, not taking any action or failing to take any action, if such action or failure to act would cause interest on the Series 2018 Warrants to be Taxable.

SECTION 10.2 Arbitrage with Respect to Investment of Special Funds

The Issuer will not cause or permit any investment to be made of any money on deposit in the Indenture Funds that would cause any Series 2018 Warrant to be an "arbitrage bond" within the meaning of Section 148 (or successor provision) of the Internal Revenue Code.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

SECTION 11.1 Events of Default

Any one or more of the following shall constitute an event of default (an "Event of Default") under this Indenture (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) failure to pay when due (A) the interest on any Series 2018 Warrant, or (B) the principal of (or premium, if any) on any Series 2018 Warrant, whether at its stated Maturity, by declaration of acceleration or call for redemption or otherwise; or

(b) an Act of Bankruptcy by the Issuer; or

(c) default in the performance, or breach, of any covenant or warranty of the Issuer in this Indenture (other than a covenant or warranty a default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after notice of such default or breach, stating that such notice is a "notice of default" hereunder, has been given to the Issuer by the Trustee, or to the Issuer and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Series 2018 Warrants, unless, in the case of a default or breach that cannot be cured by the payment of money, the Issuer initiates efforts to correct such default or breach within 30 days from the receipt of such notice and diligently pursues such action until the default or breach is corrected.

SECTION 11.2 Remedies on Default

(a) If an Event of Default described in ***Section 11.1*** exists, the Trustee may, and shall if directed to do so by the Holders of not less than 25% in aggregate principal amount of the Series 2018 Warrants outstanding, declare the principal of all the Series 2018 Warrants and the interest accrued thereon to be due and payable immediately, by notice to the Issuer, and upon any such declaration such Debt Service shall become immediately due and payable.

(b) At any time after such a declaration of acceleration has been made pursuant to ***Section 11.2(a)***, the Holders of a majority in aggregate principal amount of the outstanding Series 2018 Warrants may, by notice to the Issuer and the Trustee, rescind and annul such declaration and its consequences if and only if

(1) the Issuer has deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Series 2018 Warrants,

(B) the principal of (and premium, if any, on) any Series 2018 Warrants which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Series 2018 Warrants, including interest at the Post-Default Rate,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Series Warrants, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default, other than the non-payment of the principal of Series 2018 Warrants which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in ***Section 11.11***.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Upon the occurrence and during the continuance of an Event of Default, interest on the Series 2018 Warrants shall accrue at the Post-Default Rate. Prior to a declaration of acceleration pursuant to ***Section 11.2(a)*** and for so long as an Event of Default continues, interest accruing at the Post-Default Rate shall be payable in arrears on the next Interest Payment Date. No less than 15 calendar days prior to each Interest Payment Date, the Trustee shall notify the Issuer of the period of time to which the Post-Default Rate is applicable. No less than 10 calendar days prior to each Interest Payment Date, the Issuer shall provide the Trustee with a calculation of interest payable at the Post-Default Rate on such Interest Payment Date, which calculation shall be confirmed by the Trustee within 5 calendar days of receipt thereof.

(d) No right or remedy herein conferred upon or reserved to the Trustee or to the Warrantholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

(e) All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Indenture invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

SECTION 11.3 Application of Money Collected

(a) Any money collected by the Trustee shall be applied solely for the purpose or purposes for which such money from such source is to be applied pursuant to this Indenture.

(b) Any money collected by the Trustee pursuant to this Article and any other sums then held by the Trustee as part of the Trust Estate shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Series 2018 Warrants and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(1) **First**: To the payment of all unpaid amounts due the Trustee under this Indenture;

(2) **Second**: To the payment of the whole amount then due and unpaid upon the Outstanding Series 2018 Warrants for principal (and premium, if any) and interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Series 2018 Warrants) on overdue principal (and premium, if any) and on overdue installments of interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon such Series 2018 Warrants, then to the payment of such principal (and premium, if any) and interest, without any preference or priority, ratably according to the aggregate amount so due; provided, however, that payments with respect to Series 2018 Warrants owned by or on behalf of the Issuer shall be made only after all other Series 2018 Warrrants have been Defeased; and

(3) **Third**: To the payment of the remainder, if any, to the Issuer or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

SECTION 11.4 Trustee May Enforce Claims Without Possession of Warrants

All rights of action and claims under this Indenture or the Series 2018 Warrants may be prosecuted and enforced by the Trustee without the possession of any of the Series 2018 Warrants or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust. Any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Series 2018 Warrants in respect of which such judgment has been recovered.

SECTION 11.5 Limitation on Suits

No Holder of any Series 2018 Warrant shall have any right to institute any proceeding, judicial or otherwise, under or with respect to this Indenture, or for the appointment of a receiver or trustee or for any other remedy hereunder, unless:

(a) such Holder has previously given notice to the Trustee of a continuing Event of Default;

(b) the Holders of not less than 25% in aggregate principal amount of the Outstanding Series 2018 Warrants shall have made request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such request has been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the Outstanding Series 2018 Warrants;

it being understood and intended that no one or more Holders of Series 2018 Warrants shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the lien of this Indenture or the rights of any other Holders of Series 2018 Warrants, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all Outstanding Series 2018 Warrants.

SECTION 11.6 Unconditional Right of Holders to Receive Principal, Premium and Interest

Notwithstanding any other provisions in this Indenture, the Holder of any Series 2018 Warrant shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and interest on such Series 2018 Warrant on the Maturity Date expressed in such Series 2018 Warrant (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 11.7 Restoration of Positions

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason or has been determined adversely to the Trustee or to such Holder, then and in every such case the Issuer, the Trustee and the Holders shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 11.8 Delay or Omission Not Waiver

No delay or omission of the Trustee or of any Holder of any Series 2018 Warrant to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 11.9 Control by Holders of Series 2018 Warrants

The Holders of a majority in aggregate principal amount of the Outstanding Series 2018 Warrants shall have the right, during the continuation of an Event of Default,

(a) to require the Trustee to proceed to enforce this Indenture, either by judicial proceedings for the enforcement of the payment of the Series 2018 Warrants or otherwise, and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee hereunder, including the power to direct or withhold directions for acceleration of the maturity of the Series 2018 Warrants pursuant to ***Section 11.2(a)***; provided that

(1) such direction shall not be in conflict with any rule of law or this Indenture;

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and

(3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction.

SECTION 11.10 Waiver of Past Defaults

(a) Before any judgment or decree for payment of money due has been obtained by the Trustee, the Holders of not less than a majority in principal amount of the Outstanding Series 2018 Warrants may, by notice to the Trustee and the Issuer, on behalf of all Holders of Series 2018 Warrants waive any past default hereunder or under any other Warrant Document and its consequences, except a default

(1) in the payment of Debt Service on any Series 2018 Warrant, or

(2) in respect of a covenant or provision hereof which under Article 13 cannot be modified or amended without the consent of the Holder of each Outstanding Series 2018 Warrant affected.

(b) Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 11.11 Suits to Protect the Trust Estate

The Trustee shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Trust Estate by any acts which may be unlawful or in violation of this Indenture and to protect its interests and the interests of the Holders of the Series 2018 Warrants in the Trust Estate and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Holders of Series 2018 Warrants or the Trustee.

ARTICLE XII

THE TRUSTEE

SECTION 12.1 Certain Duties and Responsibilities of Trustee

(a) Except during the continuation of an Event of Default,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) If an Indenture Default exists, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) The Trustee shall not incur liability for its action or inaction with respect to the performance of its duties and obligations under this Indenture unless such action or inaction constitutes willful misconduct or gross negligence under the circumstances. Liability of the Trustee for such action or inaction shall be further limited as follows:

(1) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was grossly negligent in ascertaining the pertinent facts;

(2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in aggregate principal amount of the Outstanding Series 2018 Warrants relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(3) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 12.2 Notice of Defaults

(a) If a notice event described in ***Section 12.2(b)*** exists, the Trustee shall notify Holders of Series 2018 Warrants of such event within 30 days after the Trustee becomes aware of its existence; provided, however, that the Trustee shall be protected in withholding such notice if (1) the notice event has been cured or waived or otherwise ceases to exist before such notice is given; or (2) the Trustee determines in good faith that the withholding of such notice is in the interest of Holders of Series 2018 Warrants.

(b) For purposes of this Section, the following shall constitute “notice events”:

(1) the occurrence of an Indenture Default; and

(2) any event which is, or after notice or lapse of time or both would become, an Indenture Default.

(c) Unless a Responsible Officer of the Trustee shall be specifically notified in writing of an Event of Default by the Issuer or by the Holders of more than twenty-five percent (25%) in aggregate principal amount of Outstanding Series 2018 Warrants, the Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure to pay the principal or interest on the Series 2018 Warrants when due. All notices or other instruments required to be delivered to the Trustee must, in order to be effective, be delivered at the Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.

SECTION 12.3 Certain Rights of Trustee

Except as otherwise provided in ***Section 12.1***:

(a) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Any request or direction of the Issuer mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Representative.

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of gross negligence or willful misconduct on its part, rely upon a certificate executed by an Authorized Representative.

(d) The Trustee may consult with counsel and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Trustee hereunder in good faith and in reasonable reliance thereon.

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Series 2018 Warrants pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Issuer, personally or by agent or attorney, during regular business hours after reasonable notice.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 12.4 Not Responsible for Recitals

The recitals contained herein and in the Series 2018 Warrants, except the certificates of authentication on the Series 2018 Warrants, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Indenture or of the Series 2018 Warrants.

SECTION 12.5 May Hold Series 2018 Warrants

The Trustee in its individual or any other capacity may become the owner or pledgee of Series 2018 Warrants and may otherwise deal with the Issuer with the same rights it would have if it were not Trustee.

SECTION 12.6 Money Held in Trust

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent expressly provided in this Indenture or required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise provided in ***Article VIII***.

SECTION 12.7 Compensation and Reimbursement

(a) The Issuer agrees to pay to the Trustee, or to reimburse the Trustee for, but solely from the Trust Estate:

(1) reasonable compensation for all services rendered by the Trustee hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust); and

(2) all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's gross negligence or bad faith.

(b) As security for the performance of the obligations of the Issuer under this Section, the Trustee shall be secured under this Indenture by a lien prior to the Series 2018 Warrants, and for the payment of such compensation, expenses, reimbursements and indemnity the Trustee shall have the right to use and apply any money held by it as a part of the Trust Estate.

(c) The obligations of the Issuer under this Section 12.7 shall survive the satisfaction and discharge of this Indenture, the resignation or removal of the Trustee and payment in full of the Series 2018 Warrants.

SECTION 12.8 Corporate Trustee Required; Eligibility

There shall at all times be a Trustee hereunder which shall (i) be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state, (ii) be authorized under such laws to exercise corporate trust powers, (iii) be subject to supervision or examination by federal or state authority, and (iv) in the case of any successor Trustee, have an investment grade rating for its long-term deposits from each Rating Agency that provides a rating on any Series 2018 Warrants or, if no Series 2018 Warrants are rated, by any Rating Agency.

SECTION 12.9 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under ***Section 12.10***.

(b) The Trustee may resign at any time by giving notice thereof to the Issuer. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by the Holders of a majority in principal amount of the Outstanding Series 2018 Warrants by notice delivered to the Trustee and the Issuer. If no Indenture Default exists, the Trustee may be removed at any time by the Issuer by notice delivered to the Trustee.

(d) If at any time:

(1) the Trustee shall cease to be eligible under ***Section 12.8*** and shall fail to resign after request therefor by the Issuer or by any Holder of Series 2018 Warrants who has been a bona fide Holder of a Series 2018 Warrant for at least six months; or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Issuer may remove the Trustee, or (ii) any Holder of a Series 2018 Warrant who has been a bona fide Holder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, a successor Trustee shall be appointed by the Issuer. In case all or substantially all of the Trust Estate shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Trustee shall be so appointed by the Holders of Series 2018 Warrants. If, within 1 year after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee shall be appointed by the Holders of a majority in principal amount of the Outstanding Series 2018 Warrants, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Issuer or by such receiver or trustee. If no successor Trustee shall have been so appointed by the Issuer or the Holders of Series 2018 Warrants and accepted appointment in the manner hereinafter provided, any Holder of Series 2018 Warrants who has been a bona fide Holder for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Issuer shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing notice of such event by first-class mail, postage prepaid, to the Holders of Series 2018 Warrants as their names and addresses appear in the Warrant Register. Each notice shall include the name of the successor Trustee and the address of the Office of the Trustee.

SECTION 12.10 Acceptance of Appointment by Successors

(a) Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Trustee; but, on request of the Issuer or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its lien, if any, provided for in ***Section 12.7***. Upon request of any such successor Trustee, the Issuer shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such estates, properties, rights, powers and trusts.

(b) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article, to the extent operative.

SECTION 12.11 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder; provided that such corporation shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Series 2018 Warrant(s) shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Series 2018 Warrant(s) so authenticated with the same effect as if such successor Trustee had itself authenticated such Series 2018 Warrant(s).

ARTICLE XIII

AMENDMENT OF SERIES 2018 WARRANT DOCUMENTS

SECTION 13.1 General Requirements for Amendments

The Trustee may, on its own behalf and of behalf of the Holders of Series 2018 Warrants, from time to time enter into, or consent to, an amendment of any Warrant Document only as permitted by this Article.

SECTION 13.2 Amendments Without Consent of Holders of Series 2018 Warrants

An amendment of the Warrant Documents for any of the following purposes may be made, or consented to, by the Trustee without the consent of the Holders of any Series 2018 Warrants:

(a) to correct or amplify the description of any property at any time subject to the lien of any Warrant Document, or better to assure, convey and confirm unto any secured party any property subject or required to be subjected to the lien of any Warrant Document, or to subject to the lien of any Warrant Document, additional property; or

(b) to evidence the succession of another person to any Financing Participant and the assumption by any such successor of the covenants of such Financing Participant (provided that the requirements of the related Warrant Document for such succession and assumption are otherwise satisfied); or

(c) to add to the covenants of any Financing Participant for the benefit of Holders of Series 2018 Warrants and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants an event of default under the specified Warrant Documents permitting the enforcement of all or any of the several remedies provided therein; provided, however, that with respect to any such covenant, such amendment may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available upon such default; or

(d) to surrender any right or power conferred upon any Financing Participant other than rights or powers for the benefit of Holders of Series 2018 Warrants; or

(e) to cure any ambiguity or to correct any inconsistency, provided such action shall not adversely affect the interests of the Holders of Series 2018 Warrants; or

(f) to appoint a separate agent of the Issuer or the Trustee to perform any one or more of the following functions: (i) registration of transfers and exchanges of Series 2018 Warrants and (ii) payment of Debt Service on the Series 2018 Warrants; provided, however, that any such agent must be a bank or trust company with long-term obligations, at the time such appointment is made, in one of the three highest rating categories of at least one Rating Agency; or

SECTION 13.3 Amendments Requiring Consent of All Affected Holders of Series 2018 Warrants

(a) An amendment of the Warrant Documents to change the stated due date of the principal of, or any installment of interest on, any Series 2018 Warrant, or to reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof; shall be entered into, or consented to, by the Trustee only with the consent of the Holder of each Series 2018 Warrant affected.

(b) An amendment of the Warrant Documents for any of the following purposes may be entered into, or consented to, by the Trustee only with the consent of the Holder of each Series 2018 Warrant affected:

(1) to change the coin or currency in which, any Series 2018 Warrant, or the interest thereon is payable, or

(2) to impair the right to institute suit for the enforcement of any such payment on or after the stated Maturity Date thereof (or, in the case of redemption, on or after the redemption date); or

(3) to reduce the percentage in principal amount of the Outstanding Series 2018 Warrants, the consent of whose Holders is required for any amendment of the Warrant Documents, or the consent of whose Holders is required for any waiver provided for in the Warrant Documents; or

(4) to modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(5) to modify any of the provisions of ***Section 13.4*** or ***Section 11.10***, except to increase any percentage provided thereby or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Series 2018 Warrant affected thereby; or

(6) to permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any of the Trust Estate or terminate the lien of this Indenture on any property at any time subject hereto or deprive the Holder of any Series 2018 Warrant of the security afforded by the lien of this Indenture; or

(7) to eliminate, reduce or delay the obligation of the Issuer to make payments at times and in amounts sufficient to pay Debt Service on the Series 2018 Warrants.

SECTION 13.4 Amendments Requiring Majority Consent of Holders of Series 2018 Warrants

An amendment of the Warrant Documents for any purpose not described in ***Sections 13.2*** or ***13.3*** may be entered into, or consented to, by the Trustee only with the consent of the Holders of a majority in principal amount of Series 2018 Warrants Outstanding.

SECTION 13.5 Discretion of Trustee

The Trustee may in its discretion determine whether or not any Series 2018 Warrants would be affected by any amendment of the Warrant Documents and any such determination shall be conclusive upon the Holders of all Series 2018 Warrants, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

SECTION 13.6 Trustee Protected by Opinion of Counsel

In executing or consenting to any amendment permitted by this Article, the Trustee shall be entitled to receive, and, subject to ***Section 12.1***, shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Indenture.

SECTION 13.7 Amendments Affecting Trustee's Personal Rights

The Trustee may, but shall not be obligated to, enter into any amendment that affects the Trustee's own rights, duties or immunities under the Warrant Documents.

SECTION 13.8 Effect on Holders of Series 2018 Warrants

Upon the execution of any amendment under this Article, every Holder of Series 2018 Warrants theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 13.9 Reference in Series 2018 Warrants to Amendments

Series 2018 Warrants authenticated and delivered after the execution of any amendment under this Article shall, if required by such amendment or by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such amendment. New Series 2018 Warrants so modified as to conform to any such amendment shall, if required by such amendment or by the Trustee, be prepared and executed by the Issuer and authenticated and delivered by the Trustee in exchange for Outstanding Series 2018 Warrants.

SECTION 13.10 Amendments Not to Affect Tax Exemption

No amendment may be made to the Warrant Documents unless the Trustee receives a Favorable Tax Opinion.

ARTICLE XIV

DEFEASANCE OF WARRANTS

SECTION 14.1 Payment of Indenture Indebtedness; Satisfaction and Discharge of Indenture

(a) Whenever all Indenture Indebtedness has been Defeased, then (i) this Indenture and the lien, rights and interests created hereby shall cease, terminate and become null and void (except as to any surviving rights of transfer or exchange of Series 2018 Warrants herein or therein provided for), and (ii) the Trustee shall, upon the request of the Issuer, execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary and pay, assign, transfer and deliver to the Issuer or upon the order of the Issuer, all cash and securities then held by it hereunder as a part of the Trust Estate.

(b) A Series 2018 Warrant shall be deemed "Defeased" if

(1) such Series 2018 Warrant has been cancelled by the Trustee or delivered to the Trustee for cancellation, or

(2) such Series 2018 Warrant shall have matured or been called for redemption and, on such Maturity Date or redemption date, money for the payment of Debt Service on such Series 2018 Warrant is held by the Trustee in trust for the benefit of the person entitled thereto, or

(3) a trust for the payment of such Series 2018 Warrant has been established in accordance with ***Section 14.2***.

(c) Indenture Indebtedness other than Debt Service on the Series 2018 Warrants shall be deemed "Defeased" whenever the Issuer has paid, or made provisions satisfactory to the Trustee for payment of, all such Indenture Indebtedness.

SECTION 14.2 Trust for Payment of Debt Service

(a) The Issuer may provide for the payment of any Series 2018 Warrant by establishing a trust for such purpose with the Trustee and depositing therein cash and/or Federal Securities which (assuming the due and punctual payment of the principal of and interest on such Federal Securities, but without reinvestment) will provide funds sufficient to pay the Debt Service on such Series 2018 Warrant as the same becomes due and payable until the Maturity Date or redemption of such Series 2018 Warrant; provided, however, that:

(1) such Federal Securities must not be subject to redemption prior to their respective maturities at the option of the issuer of such securities;

(2) if such Series 2018 Warrant is to be redeemed prior to its Maturity Date, either (i) the Trustee shall receive evidence that notice of such redemption has been given in accordance with the provisions of this Indenture and such Series 2018 Warrant or (ii) the Issuer shall confer on the Trustee irrevocable authority for the giving of such notice on behalf of the Issuer;

(3) such Series 2018 Warrant shall not be subject to repurchase by the Issuer during the period such trust will be in effect;

(4) Prior to the establishment of such trust the Trustee must receive a Favorable Tax Opinion; and

(5) Prior to the establishment of such trust, the Trustee must receive verification satisfactory to the Trustee demonstrating that the principal and interest payments on the Federal Securities in such trust, without reinvestment, together with the cash balance in such trust remaining after purchase of such Securities, will be sufficient to make the required payments from such trust.

(b) Any trust established pursuant to this Section may provide for payment of less than all Series 2018 Warrants outstanding or less than all Series 2018 Warrants of any remaining maturity.

(c) If any trust provides for payment of less than all Series 2018 Warrants of the same Tenor, the Series 2018 Warrants of such Tenor to be paid from the trust shall be selected by the Trustee by lot by such method as shall provide for the selection of portions (in Authorized Denominations) of the principal of Series 2018 Warrants of such Tenor of a denomination larger than the smallest Authorized Denomination. Such selection shall be made within 7 days after such trust is established. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Series 2018 Warrants. After such selection is made, Series 2018 Warrants that are to be paid from such trust (including Series 2018 Warrants issued in exchange for such Series 2018 Warrants pursuant to the transfer or exchange provisions of this Indenture) shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify Holders whose Series 2018 Warrants (or portions thereof) have been selected for payment from such trust and shall direct such Holders to surrender their Series 2018 Warrants to the Trustee in exchange for Series 2018 Warrants with the appropriate designation. The selection of Series 2018 Warrants for payment from such trust pursuant to this Section shall be conclusive and binding on the Financing Participants and the Warrantholders.

(d) Cash and/or Federal Securities deposited with the Trustee pursuant to this Section shall not be a part of the Trust Estate but shall constitute a separate, irrevocable trust fund for the benefit of the Holder of the Series 2018 Warrants to be paid from such fund.

ARTICLE XV

MISCELLANEOUS

SECTION 15.1 Notices to Financing Participants

(a) Notices and other communications to Financing Participants pursuant to this Indenture must be in writing except as otherwise expressly provided in this Indenture. Any specific reference in this Indenture to "written notice" shall not be construed to mean that any other notice may be oral, unless such oral notice is specifically permitted by this Indenture under the circumstances.

(b) Notices and other communications pursuant to this Indenture may be delivered by any method provided in the directions for notices attached as ***Exhibit 15.1(b)***. A Financing Participant may change its directions for notices by giving notice to the other Financing Participants.

(c) Any notice shall be deemed given when actually received by the Financing Participant to whom the notice is addressed. In addition, any notice sent by certified mail shall be deemed received when sent by certified mail, addressed as provided in the notice directions included in ***Exhibit 15.1(b)*** or, if the designated Financing Participant has delivered a change notice, as specified in such change notice.

(d) Notice to any Financing Participant required by this Indenture may be waived in writing by such Financing Participant, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 15.2 Notices to Holders of Series 2018 Warrants

(a) Notices and other communications to Holders of Series 2018 Warrants pursuant to this Indenture must be in writing except as otherwise expressly provided in this Indenture. Any specific reference in this Indenture to "written notice" shall not be construed to mean that any other notice may be oral, unless such oral notice is specifically permitted by this Indenture under the circumstances.

(b) If the Book Entry System is in effect, notices and other communications to Holders of Series 2018 Warrants will be delivered to Holders of Series 2018 Warrants through the Book Entry System and shall be deemed delivered to Holders of Series 2018 Warrants upon receipt by DTC. If the Book Entry System is terminated, notices and other communications to Holders of Series 2018 Warrants may be delivered to such Holders at their address as it appears in the Warrant Register.

(c) Any notice to DTC or a Holder shall be deemed given when received by DTC or the Holder, as the case may be, or when sent by certified mail.

(d) Any defect in a notice to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

(e) Notice to any Holder required by this Indenture may be waived in writing by such Holder, either before or after the event, and such waiver shall be the equivalent of such notice.

SECTION 15.3 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer shall bind its successors and assigns, whether so expressed or not.

SECTION 15.4 Benefits of Indenture

Nothing in this Indenture or in the Series 2018 Warrants, express or implied, shall give to any person, other than the parties hereto and their successors hereunder, and the Holders of the outstanding Series 2018 Warrants, any benefit or any legal or equitable right, remedy or claim under this Indenture.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this instrument to be duly executed by their duly authorized officers.

[Signature pages follow]

JEFFERSON COUNTY, ALABAMA

By:____

Title:______________________________________

[SEAL]

Attest:

By:____

Title:______________________________________

STATE OF ALABAMA
JEFFERSON COUNTY

I, ___________________________________, a Notary Public in and for said County in said State, do hereby certify that _______________________________, whose name as ______________________________ of Jefferson County, Alabama, a political subdivision of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said County.

Given under my hand and seal this the ________ day of _________________, 2018.

____
Notary Public

NOTARIAL SEAL

My commission expires:_____________

WILMINGTON TRUST, NATIONAL ASSOCIATION

By:____

Title:_______________________________________

[SEAL]

Attest:

By:____

Title:_______________________________________

STATE OF ALABAMA
JEFFERSON COUNTY

I, ___________________________________, a Notary Public in and for said County, in said State, hereby certify that _______________________________, whose name as _______________________________________ of WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of said instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking corporation.

Given under my hand and seal this the _________ day of ________________, 2018.

____
Notary Public

NOTARIAL SEAL

My commission expires:_____________

This instrument was prepared by:

Frank H. Long Jr.
Balch & Bingham LLP
1901 Sixth Avenue North, Suite 1500
Birmingham, Alabama 35203-4642
(205) 251-8100

EXHIBIT 5.1(c)

Form of Series 2018-A Warrants

Jefferson County, Alabama
General Obligation Refunding Warrants, Series 2018-A

Number:

Maturity Date:

Interest Rate:

Date of Initial Delivery:

CUSIP:

Jefferson County, Alabama, a political subdivision of the State of Alabama (the "Issuer"), which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby acknowledges itself indebted to and hereby orders the Treasurer of the Issuer to pay to

CEDE & CO.,

or registered assigns, from the Debt Service Fund created in the Indenture hereafter defined, the principal sum of

____ **DOLLARS**

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the applicable interest rate specified below.

Authorizing Document

This warrant is issued pursuant to a Trust Indenture dated as of May 1, 2018 (the "Indenture"), between the Issuer and Wilmington Trust, National Association, a national banking association (the "Trustee", which term includes any successor trustee under the Indenture). This warrant is part of a series of warrants issued pursuant to the Indenture and referred to in the Indenture and herein as the "Series 2018-A Warrants". Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this warrant.

Source of Payment

The Series 2018-A Warrants and all other payment obligations under the Indenture are general obligations of the Issuer for the payment of which the full faith and credit of the Issuer have been irrevocably pledged.

Warrant Documents

Copies of the Warrant Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the Series 2018-A Warrants and the Financing Participants, and the terms upon which the Series 2018-A Warrants are, and are to be, authenticated and delivered.

Transfer, Registration, Exchange and Payment Provisions

The ownership, transfer, exchange and payment of Series 2018-A Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, registration, exchange and payment of Series 2018-A Warrants.

Applicable Interest Rate

The applicable interest rate for this warrant is specified above.

Computation of Interest Accrual

Interest on Series 2018-A Warrants shall be computed on the basis of a 360-day year with 12 months of 30 days each.

Interest Payment Dates

Interest on Series 2018-A Warrants is payable on the following dates: April 1 and October 1 of each year, beginning October 1, 2018.

Regular Record Date for Interest Payments

If the Book Entry System is in effect, the Trustee shall pay interest on this warrant to DTC, and interest shall be distributed to the Holder of this warrant in accordance with the rules and regulations of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date with respect to this warrant shall be payable to the Holder of this warrant on the Regular Record Date for such Interest Payment Date.

Interest on Overdue Payments

Interest shall be payable on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the Post-Default Rate specified in the Indenture.

Authorized Denominations

Series 2018-A Warrants may be in denominations of $5,000 or any multiple thereof.

Currency of Payment

Payment of Debt Service on this Series 2018-A Warrant shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

Redemption Prior to Maturity

This Series 2018-A Warrant will not be subject to redemption prior to its Maturity Date.

Remedies

If an "Indenture Default", as defined in the Indenture, shall occur with respect to the payment of the principal of, interest or premium on, any Series 2018-A Warrants, the principal of all Series 2018-A Warrants then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this Series 2018-A Warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

Amendments

The Indenture permits the amendment of the Warrant Documents and waivers of past defaults under such Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Series 2018-A Warrants or a specified percentage of such Holders. Any such consent or waiver by the Holder of this Series 2018-A Warrant shall be conclusive and binding upon such Holder and upon all future Holders of this Series 2018-A Warrant and of any warrant issued in exchange for this Series 2018-A Warrant or in lieu of this Series 2018-A Warrant, whether or not notation of such consent or waiver is made upon this Series 2018-A Warrant.

Exoneration of Public Officials and Employees of the Issuer

No recourse under or upon any covenant or agreement of the Indenture, or of any Series 2018-A Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Series 2018-A Warrants are solely the obligations of the Issuer, and that no personal liability whatever shall attach to, or is or shall be incurred by, any public official or employee of the Issuer or any successor, or any of them, because of the issuance of the Series 2018-A Warrants, or under or by reason of the covenants or agreements contained in the Indenture or in any Series 2018-A Warrants or implied therefrom.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Series 2018-A Warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2018-A Warrant to be duly executed under its official seal.

Dated: Date of initial delivery of this warrant identified above.

JEFFERSON COUNTY, ALABAMA

By:____
President of the Jefferson County Commission

[SEAL]

Attest:

____
Minute Clerk

Certificate of Authentication

This is one of the Series 2018-A Warrants referred to in the within-mentioned Indenture.

Date of authentication:_________________

WILMINGTON TRUST, NATIONAL ASSOCIATION, AS TRUSTEE

By____
Authorized Officer

Assignment

For value received, ____ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] ___________________________________ this warrant and hereby irrevocably constitute(s) and appoint(s) _______________________________ attorney to transfer this warrant on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: ________________________

____

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

____
(Bank or Trust Company)

By_____________________________________
(Authorized Officer)

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Registration Certificate

I hereby certify that this warrant has been duly registered by me as a claim against Jefferson County, Alabama, payable solely from the sources herein described.

Date of Registration: _________, 2018

____
Treasurer of Jefferson County, Alabama

EXHIBIT 5.2(c)

Form of Series 2018-B Warrants

Jefferson County, Alabama
General Obligation Refunding Warrants (Delayed Delivery), Series 2018-B

Number:

Maturity Date:

Interest Rate:

Date of Initial Delivery:

CUSIP:

Jefferson County, Alabama, a political subdivision of the State of Alabama (the "Issuer"), which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby acknowledges itself indebted to and hereby orders the Treasurer of the Issuer to pay to

CEDE & CO.,

or registered assigns, from the Debt Service Fund created in the Indenture hereafter defined, the principal sum of

____ DOLLARS

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the principal hereof shall become due and payable at the applicable interest rate specified below.

Authorizing Document

This warrant is issued pursuant to a Trust Indenture dated as of May 1, 2018 (the "Indenture"), between the Issuer and Wilmington Trust, National Association, a national banking association (the "Trustee", which term includes any successor trustee under the Indenture). This warrant is part of a series of warrants issued pursuant to the Indenture and referred to in the Indenture and herein as the "Series 2018-B Warrants". Capitalized terms not otherwise defined herein shall have the meaning assigned in the Indenture. The provisions of the Indenture are hereby incorporated by reference as if fully set forth in this warrant.

Source of Payment

The Series 2018-B Warrants and all other payment obligations under the Indenture are general obligations of the Issuer for the payment of which the full faith and credit of the Issuer have been irrevocably pledged.

Warrant Documents

Copies of the Warrant Documents are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the Series 2018-B Warrants and the Financing Participants, and the terms upon which the Series 2018-B Warrants are, and are to be, authenticated and delivered.

Transfer, Registration, Exchange and Payment Provisions

The ownership, transfer, exchange and payment of Series 2018-B Warrants shall be governed by the Book Entry System administered by DTC until the Book Entry System is terminated pursuant to the terms and conditions of the Indenture. If the Book Entry System is terminated, the Indenture provides alternate provisions for the ownership, transfer, registration, exchange and payment of Series 2018-B Warrants.

Applicable Interest Rate

The applicable interest rate for this warrant is specified above.

Computation of Interest Accrual

Interest on Series 2018-B Warrants shall be computed on the basis of a 360-day year with 12 months of 30 days each.

Interest Payment Dates

Interest on Series 2018-B Warrants is payable on the following dates: April 1 and October 1 of each year, beginning April 1, 2019.

Regular Record Date for Interest Payments

If the Book Entry System is in effect, the Trustee shall pay interest on this warrant to DTC, and interest shall be distributed to the Holder of this warrant in accordance with the rules and regulations of DTC. If the Book Entry System is terminated, the interest due on any Interest Payment Date with respect to this warrant shall be payable to the Holder of this warrant on the Regular Record Date for such Interest Payment Date.

Interest on Overdue Payments

Interest shall be payable on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the Post-Default Rate specified in the Indenture.

Authorized Denominations

Series 2018-B Warrants may be in denominations of $5,000 or any multiple thereof.

Currency of Payment

Payment of Debt Service on this Series 2018-B Warrant shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

Redemption Prior to Maturity

This Series 2018-B Warrant will not be subject to redemption prior to its Maturity Date.

Remedies

If an "Indenture Default", as defined in the Indenture, shall occur with respect to the payment of the principal of, interest or premium on, any Series 2018-B Warrants, the principal of all Series 2018-B Warrants then Outstanding may become or be declared due and payable in the manner and with the effect provided in the Indenture.

The Holder of this Series 2018-B Warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

Amendments

The Indenture permits the amendment of the Warrant Documents and waivers of past defaults under such Documents and the consequences of such defaults, in certain circumstances without consent of Holders and in other circumstances with the consent of the Holders of all Series 2018-B Warrants or a specified percentage of such Holders. Any such consent or waiver by the Holder of this Series 2018-B Warrant shall be conclusive and binding upon such Holder and upon all future Holders of this Series 2018-B Warrant and of any warrant issued in exchange for this Series 2018-B Warrant or in lieu of this Series 2018-B Warrant, whether or not notation of such consent or waiver is made upon this Series 2018-B Warrant.

Exoneration of Public Officials and Employees of the Issuer

No recourse under or upon any covenant or agreement of the Indenture, or of any Series 2018-B Warrants, or for any claim based thereon or otherwise in respect thereof, shall be had against any past, present or future public official or employee of the Issuer, or of any successor, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that the Indenture and the Series 2018-B Warrants are solely the obligations of the Issuer, and that no personal liability whatever shall attach to, or is or shall be incurred by, any public official or employee of the Issuer or any successor, or any of them, because of the issuance of the Series 2018-B Warrants, or under or by reason of the covenants or agreements contained in the Indenture or in any Series 2018-B Warrants or implied therefrom.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Series 2018-B Warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Issuer has caused this Series 2018-B Warrant to be duly executed under its official seal.

Dated: Date of initial delivery of this warrant identified above.

JEFFERSON COUNTY, ALABAMA

By:____
President of the Jefferson County Commission

[SEAL]

Attest:

____
Minute Clerk

Certificate of Authentication

This is one of the Series 2018-B Warrants referred to in the within-mentioned Indenture.

Date of authentication:_________________

WILMINGTON TRUST, NATIONAL ASSOCIATION, AS TRUSTEE

By____
Authorized Officer

Assignment

For value received, ____ hereby sell(s), assign(s) and transfer(s) unto [Please insert name and taxpayer identification number] __________________________________ this warrant and hereby irrevocably constitute(s) and appoint(s) ______________________________ attorney to transfer this warrant on the books of the within named Issuer at the office of the within named Trustee, with full power of substitution in the premises.

Dated: ________________________

NOTE: The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

____
(Bank or Trust Company)

By_____________________________________
(Authorized Officer)

*Signature(s) must be guaranteed by an eligible guarantor institution which is a member of the recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Registration Certificate

I hereby certify that this warrant has been duly registered by me as a claim against Jefferson County, Alabama, payable solely from the sources herein described.

Date of Registration: _________, 2018

____
Treasurer of Jefferson County, Alabama

EXHIBIT 8.2

Requisition

To: Wilmington Trust, as trustee under
the Indenture referred to below No. __________________

Re: Trust Indenture dated ______1, 2018 (the "Indenture") between Jefferson County, Alabama and the Trustee

Capitalized terms not otherwise defined herein shall have the meanings assigned in the Indenture.

Request for Payment by the Issuer

The Issuer hereby requests payment from the Series 2018 Costs of Issuance Fund

of $______________________ to

Name of payee:____

Address of payee:____

____

Such payment will be made for the following purpose(s):

____

____

____

(Note: The Issuer is to describe purpose in reasonable detail. The Trustee shall be entitled to rely upon the certification by the Issuer in the following paragraph with respect to the purpose of this payment and shall not be required to verify that such purpose is authorized by the Indenture or that such purpose will not cause or result in a violation of any covenant in the Tax Certificate and Agreement.)

The Issuer hereby certifies that: (a) such payment is permitted by the terms of the Indenture, (b) no Indenture Default exists, and (c) such payment will not cause or result in the violation of any covenant contained in the Tax Certificate and Agreement.

Dated: ____________________.

JEFFERSON COUNTY, ALABAMA

By:____
Authorized Representative of the Issuer

EXHIBIT 15.1(b)

Directions for Notices

Jefferson County, Alabama

Mailing address:	Jefferson County, Alabama Attention: County Manager Room 251 Jefferson County Courthouse 716 Richard Arrington Blvd. North Birmingham, AL 35203
Hand delivery or courier delivery address:	Same as above
Email address:	
Facsimile transmissions:	(205) 731-2879

Wilmington Trust, National Association, as Trustee

Mailing address:	505 North 20th Street, Suite 1750 Birmingham, AL 35203
Hand delivery or courier delivery address:	Same as above
Email address:	
Facsimile transmissions:	(205) 327-5642

APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated May 31, 2018, is executed and delivered by Jefferson County, Alabama (the "County") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Series 2018 Warrants (hereinafter defined) and in order to assist the County in processing certain continuing disclosure with respect to the Series 2018 Warrants in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the County through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the County or anyone on the County's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof; by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report of the County, containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the annual financial statements of the County for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the County and include the full name of the Series 2018 Warrants and the 9-digit CUSIP numbers for all Series 2018 Warrants to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the County pursuant to Section 9 hereof

“Disclosure Representative” means the Chief Financial Officer or Director of Finance of the County, or his or her designee, or such other person as the County shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the County's failure to file an Annual Report on or before the Annual Filing Date.

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2018 Warrants (including persons holding Series 2018 Warrants through nominees, depositories or other intermediaries) or (b) treated as the owner of any Series 2018 Warrants for federal income tax purposes.

“Information” means collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

”Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means the County.

"Official Statement" means that Official Statement prepared by the County in connection with the Series 2018 Warrants, as listed in Exhibit A.

"Series 2018 Warrants" means the Series 2018 Warrants as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Trustee" means the institution, if any, identified as trustee in the document under which the Series 2018 Warrants were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The County shall provide, annually, an electronic copy of its Annual Report and Certification to the Disclosure Dissemination Agent, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of each Annual Report and Certification, the Disclosure Dissemination Agent shall provide each such Annual Report to the MSRB not later than 270 days after the end of each fiscal year of the County, commencing with the fiscal year ended September 30, 2018. Such date and each anniversary thereof is the Annual Filing Date. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the County of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the County will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, filed in the manner required by the MSRB.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual

Report, a Failure to File Event shall have occurred and the County irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, filed in the manner required by the MSRB, and simultaneously notify the Disclosure Representative of the same.

(d) If Audited Financial Statements of the County are prepared but not available prior to the Annual Filing Date, the County shall, when such Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the County pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"

2. "Non-Payment related defaults, if material;"

3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"

4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"

7. "Modifications to rights of securities holders, if material;"

8. “Bond calls, if material;”

9. “Defeasances;”

10. “Release, substitution, or sale of property securing repayment of the securities, if material;”

11. “Rating changes;”

12. “Tender offers;”

13. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”

14. “Merger, consolidation, or acquisition of the obligated person, if material;” and

15. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;·

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the County pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”

2. “change in obligated person;”

3. “notice to investors pursuant to bond documents;”

4. “certain communications from the Internal Revenue Service;” other than those communications included in the Rule;

5. “secondary market purchases;”

6. “bid for auction rate or other securities;”

7. “capital or other financing plan;”

8. “litigation/enforcement action;”

9. “change of tender agent, remarketing agent, or other on-going party;”

10. “derivative or other similar transaction;” and

11. “other event-based disclosures;”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the County pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”

2. “change in fiscal year/timing of annual disclosure;”

3. “change in accounting standard;”

4. “interim/additional financial information/operating data;”

5. “budget;”

6. “investment/debt/financial policy;”

7. “information provided to rating agency, credit/liquidity provider or other third party;”

8. “consultant reports;” and

9. “other financial/operating data.”

(viii) provide the County evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The County may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure

Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report of the County shall contain Annual Financial Information with respect to the County, including the following information:

(i) general sales and use tax revenues, in format substantially similar to the table shown in APPENDIX A of the Official Statement under the heading "County Revenues and Expenditures – *General Sales and Use Tax Revenues*"; and

(ii) special sales and use tax revenues, in format substantially similar to the table shown in APPENDIX A of the Official Statement under the heading "County Revenues and Expenditures – *Special Sales and Use Tax*"*;* and

(iii) ad valorem tax information, in format substantially similar to the tables shown in APPENDIX A of the Official Statement under the headings "Ad Valorem Taxes – *Assessed Valuation*", "*– Principal Ad Valorem Taxpayers*"*,* and "*– Ad Valorem Tax Collections*"; and

(iv) debt service of the County, in format substantially similar to the table shown in APPENDIX A of the Official Statement under the heading "Debt Management – *Annual Debt Service Requirements for all County Warrants*"; and

(v) debt ratios of the County, in format substantially similar to the table shown in APPENDIX A of the Official Statement under the heading "Debt Management – *Debt Ratios*".

(b) Audited Financial Statements as described in the Official Statement for the County will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the County is an "obligated person"" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Series 2018 Warrants, the County is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Series 2018 Warrants constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2018 Warrants, or other material events affecting the tax status of the Series 2018 Warrants;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Series 2018 Warrants, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

    Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The County shall, in a timely manner not in excess of ten (10) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the County desires to make, contain the written authorization of the County for the Disclosure Dissemination Agent to disseminate such information, and identify the date the County desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the County or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the County determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the County desires to make, contain the written authorization of the County for the Disclosure Dissemination Agent to disseminate such information, and identify the date the County desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the County as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof.

SECTION 5. CUSIP Numbers. The County will provide the Dissemination Agent with the CUSIP numbers for (i) new Series 2018 Warrants at such time as they are issued or become subject to the Rule and (ii) any Series 2018 Warrants to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Series 2018 Warrants.

SECTION 6. Additional Disclosure Obligations. The County acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the County, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The County acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The County may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the County desires to make, contain the written authorization of the County for the Disclosure Dissemination Agent to disseminate such information, and identify the date the County desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the County as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof.

(b) The County may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the County desires to make, contain the written authorization of the County for the Disclosure Dissemination Agent to disseminate such information, and identify the date the County desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the County as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof.

(c) The parties hereto acknowledge that the County is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the County and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Series 2018 Warrants upon the legal defeasance, prior redemption or payment in full of all of the Series 2018 Warrants, when the County is no longer an obligated person with respect to the Series 2018 Warrants, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The County has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure· Agreement. The County may upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the County or DAC, the County agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Series 2018 Warrants. Notwithstanding any replacement or appointment of a successor, the County shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days prior written notice to the County.

SECTION 10. Remedies in Event of Default. In the event of a failure of the County or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Series 2018 Warrants or under any other document relating to the Series 2018 Warrants, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the County has provided such information: to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the County and shall not be deemed to be acting in any fiduciary capacity for the County, the Holders of the Series 2018 Warrants or any other party. The Disclosure Dissemination Agent shall have no responsibility for the County's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the County has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the County at all times. The obligations of the County under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Series 2018 Warrants.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the County.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the County and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the County and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Series 2018 Warrants and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the County or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the County. No such amendment shall become effective if the County shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Trustee, if any, for the Series 2018 Warrants, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Series 2018 Warrants, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Alabama (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the County have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Disclosure Dissemination Agent

By: ____
Name: ______________________________________
Title: _______________________________________

By: JEFFERSON COUNTY, ALABAMA as County

By: ____
Name: ______________________________________
Title: _______________________________________

EXHIBIT A

NAME AND CUSIP NUMBERS OF SERIES 2018 WARRANTS

Name of Issuer:	Jefferson County, Alabama
Name of Bond Issue:	General Obligation Refunding Warrants, Series 2018
Date of Issuance:	May 31, 2018
Date of Official Statement:	May 24, 2018

Series 2018-A Warrants

CUSIP Number: 472628RJ7
CUSIP Number: 472628RK4
CUSIP Number: 472628RL2
CUSIP Number: 472628RM0
CUSIP Number: 472628RN8
CUSIP Number: 472628RP3
CUSIP Number: 472628RQ1
CUSIP Number: 472628RR9

Series 2018-B Warrants

CUSIP Number: 472682RS7
CUSIP Number: 472682RT5
CUSIP Number: 472682RU2

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: **Jefferson County, Alabama**

Name of Bond Issue: **General Obligation Refunding Warrants, Series 2018**

Date of Issuance: _________ __, 2018

Date of Disclosure Agreement: _________ __, 2018

CUSIP Number:

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Series 2018 Warrants as required by the Disclosure Agreement between the County and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The County has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _________________].

Dated: _________________________

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf
of the County

____

cc:____________________________
[Disclosure Representative]

APPENDIX F

FORM OF 2018-B DELAYED DELIVERY CONTRACT

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DELAYED DELIVERY CONTRACT

Raymond James & Associates, Inc.
535 Madison Avenue
10th Floor
New York, NY 10022

Re: General Obligation Refunding Warrants (Delayed Delivery), Series 2018-B

Ladies and Gentlemen:

The undersigned (the "Purchaser") hereby agrees to purchase from Raymond James & Associates, Inc., on behalf of itself and as representative (the "Representative") of Stifel, Nicolaus & Company, Incorporated, Citigroup Global Markets, Inc., Piper Jaffray & Co., Drexel Hamilton, LLC, and Securities Capital Corporation (collectively, with the Representative, the "Underwriters"), when, as, and if issued and delivered to the Underwriters by the Jefferson County, Alabama Commission (the "Commission"), and Underwriters agree to sell to the Purchaser:

Par Amount	Maturity Date	Interest Rate	CUSIP Number	Yield	Price

of the above-referenced Warrants offered by the Commission under the Preliminary Official Statement dated ______ __, 2018 (the "Preliminary Official Statement") and the Official Statement relating to the Warrants dated _____ __, 2018 (the "Official Statement"), receipt and review of copies of which is hereby acknowledged, at the purchase price and with the interest rates, principal amounts, and maturity dates shown above, and on the further terms and conditions set forth in this Delayed Delivery Contract. The Warrants are being purchased by the Underwriters pursuant to a Warrant Purchase Agreement between the Commission and the Underwriters (the "Delayed Delivery Warrant Purchase Agreement"). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Preliminary Official Statement.

The Purchaser hereby purchases and agrees to accept delivery of such Warrants from the Underwriters on or about _______ __, 2018 (the "Series 2018-B Settlement Date").

Payment for the Warrants which the Purchaser has agreed to purchase on the Series 2018-B Settlement Date shall be made to the Underwriters or upon its order on the Series 2018-B Settlement Date upon delivery to the Purchaser of the Warrants then to be purchased by the Purchaser through the book-entry system of The Depository Trust Company. The Purchaser agrees that in no event shall the Underwriters be responsible or liable for any claim or loss, whether direct or consequential, which the Purchaser may suffer in the event the Commission does not for any reason issue and deliver the above-referenced Warrants.

The obligation of the Purchaser to take delivery hereunder shall be unconditional except in the event that between the date of this Delayed Delivery Contract and the Series 2018-B Settlement Date and upon written notice from the Representative that: (A) the obligations of the Commission provided for in the Delayed Delivery Warrant Purchase Agreement have not been performed or satisfied; (B) the Representative shall have exercised the right to terminate the Delayed Delivery Warrant Purchase Agreement as provided for therein, with respect to which termination the Purchaser shall be deemed to have consented; or (C) there shall have been a Change in Law (in the sole judgment of the Representative,) and not have been waived by the Representative. A "Change in Law" means:

(i) (A) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (B) any law, rule or regulation enacted by any governmental body, Commission, or agency or (C) any judgment, ruling or order issued by any court or administrative body, which in each instance (as described in (A) through (C) above) would, (1) legally prohibit the Underwriters (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) from accepting delivery of and paying for the Warrants in accordance with the provisions of the Delayed Delivery Warrant Purchase Agreement or selling the Warrants or beneficial ownership interests therein to bona fide purchasers, or (2) make the sale or issuance and delivery of the Warrants illegal (or have the retroactive effect of making such sale, issuance, or delivery illegal, if enacted, adopted, passed or finalized), or (3) eliminate the exclusion from gross income of interest on the Warrants (or have the retroactive effect of eliminating such exclusion if enacted, adopted, passed, or finalized), or (4) require the Warrants to be registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended or the Trust Agreement to be qualified under the Trust Indenture Act of 1939, as amended (or have the retroactive effect of requiring such registration or qualification if enacted, passed, finalized, or adopted); provided, however, that such change in or addition to law, legislation, rule or regulation, or judgment, ruling or order shall have become effective, been enacted or been issued, as the case may be, subsequent to the date of execution of the Delayed Delivery Warrant Purchase Agreement; or

(ii) a stop order, ruling, regulation, or official statement by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering, or sale of the Warrants, or the delivery of the Trust Agreement is or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939, as amended.

The Purchaser acknowledges and agrees that the Warrants are being sold on a "forward" or "delayed delivery" basis for delivery on the Series 2018-B Settlement Date and that the Purchaser is obligated to take up and pay for the Warrants on the Series 2018-B Settlement Date unless one of the events described above shall have occurred and not been waived by the Representative. The Purchaser acknowledges that it will not be able to withdraw its order as described herein, and will not otherwise be excused from performance of its obligations to take up and pay for the Warrants on the Series 2018-B Settlement Date because of market or credit changes, including specifically, but not limited to (a) changes in the ratings assigned to the Warrants between the date of Closing and the Series 2018-B Settlement Date or changes in the credit associated with the Warrants generally, and (b) changes in the financial condition, operations, performance, properties or prospects of the Commission from the date hereof to the Series 2018-B Settlement Date. The Purchaser acknowledges and agrees that it will remain obligated to purchase the Warrants in accordance with the terms hereof, even if the Purchaser decides to sell such Warrants following the date hereof, unless the Purchaser sells such Warrants to another financial institution with the prior written consent of the Representative and such financial institution provides a written acknowledgment of confirmation of purchase order and a delayed delivery contract in the same respective forms as that executed by the Purchaser.

The Purchaser represents and warrants that, as of the date of this Delayed Delivery Contract, the Purchaser is not prohibited from purchasing the Warrants hereby agreed to be purchased by it under the laws of the jurisdiction to which the Purchaser is subject.

This Delayed Delivery Contract will inure to the benefit of and be binding upon the parties hereto and their respective successors, but will not be assignable by either party without the prior written consent of the other.

The Purchaser acknowledges that the Underwriters are entering into an agreement with the Commission to purchase the Warrants in reliance in part on the performance by the Purchaser of its obligations hereunder.

The Purchaser agrees that it will at all times satisfy the minimum initial and maintenance margin requirements of Regulation T of the Board of Governors of the Federal Reserve System, Rule 431 of the New York Governors of the Federal Reserve System, Rule 4210 of the Financial Industry Regulatory Authority and any other margin regulations applicable to the Underwriters.

This Delayed Delivery Contract may be executed by either of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

It is understood that the acceptance by the Representative of any Delayed Delivery Contract (including this one) is in the Representative's sole discretion and that, without limiting the foregoing, acceptances of such contracts need not be on a first-come, first-served basis. If this Delayed Delivery Contract is acceptable to the Representative, it is requested that the representative sign the form of acceptance below and mail or deliver one of the counterparts hereof to the Purchaser at its address set forth below. This will become a binding contract between the Underwriters and the Purchaser when such counterpart is so mailed or delivered by the Representative. This Delayed Delivery Contract does not constitute a customer confirmation pursuant to Rule G-15 of the Municipal Securities Rulemaking Board.

The Commission shall be deemed a third party beneficiary of this Delayed Delivery Contract.

This Delayed Delivery Contract shall be construed and administered under the laws of the State of New York.

____
Purchaser

____
Address

____
Telephone

By: __________________________
Name:__________________________
Title:__________________________

Accepted: [Name of Manager]
Name: _______________________
Title:_________________________

APPENDIX G
SUMMARY OF 2018 REFUNDED OBLIGATIONS

General Obligation Capital Improvement and Refunding Warrants, Series 2003-A

Maturity Date	Interest Rate	Refunded Principal Amount	Anticipated Call Date	Anticipated Redemption Price	CUSIP Number
04/01/2021	5.000%	$ 3,855,000	07/02/2018	100%	472628PK6
04/01/2022	5.000%	16,595,000	07/02/2018	100	472628PL4
04/01/2023	5.000%	17,425,000	07/02/2018	100	472628PM2
Total		$ 37,875,000			

General Obligation Capital Improvement Warrants, Series 2004-A

Maturity Date	Interest Rate	Refunded Principal Amount	Anticipated Call Date	Anticipated Redemption Price	CUSIP Number
04/01/2019	4.250%	$ 2,465,000	07/02/2018	100%	472628PY6
04/01/2020	5.000%	2,590,000	07/02/2018	100	472628PZ3
04/01/2021	5.000%	2,745,000	07/02/2018	100	472628QA7
04/01/2022	5.000%	2,895,000	07/02/2018	100	472628QB5
04/01/2023	5.000%	3,040,000	07/02/2018	100	472628QC3
04/01/2024	5.000%	21,490,000	07/02/2018	100	472628QD1
Total		$ 35,225,000			

Public Building Authority Lease Revenue Warrants, Series 2006

Maturity Date	Interest Rate	Refunded Principal Amount	Anticipated Call Date	Anticipated Redemption Price	CUSIP Number
04/01/2019	5.125%	$ 6,000,000	07/02/2018	100%	47267PAM5
04/01/2020	5.125%	6,335,000	07/02/2018	100	47267PAN3
04/01/2021	5.125%	6,680,000	07/02/2018	100	47267PAP8
04/01/2026	5.000%	29,405,000	07/02/2018	100	47267PAQ6
Total		$ 48,420,000			

General Obligation Warrants, Series 2013-A

Maturity Date	Interest Rate	Principal Amount Refunded	Anticipated Call Date	Anticipated Redemption Price	CUSIP Number
04/01/2021	4.900%	$ 13,405,000*	12/03/2018	102%	472628QF6

**Amounts refunded shall be credited to the Apri1 1, 2020 and 2021 mandatory redemption principal amounts.*

General Obligation Warrants, Series 2013-C

Maturity Date	Interest Rate	Principal Amount Refunded	Anticipated Call Date	Anticipated Redemption Price	CUSIP Number
04/01/2021	4.900%	$ 13,220,000**	12/03/2018	102%	472628QH2

***Amounts refunded shall be credited to the Apri1 1, 2020 and 2021 mandatory redemption principal amounts.*

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JEFFERSON COUNTY, ALABAMA • GENERAL OBLIGATION REFUNDING WARRANTS, SERIES 2018-A AND (DELAYED DELIVERY) SERIES 2018-B

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