



STATE OF ALABAMA
DEPARTMENT OF EXAMINERS OF PUBLIC ACCOUNTS
MONTGOMERY, ALABAMA 36130

*JEFFERSON COUNTY COMMISSION
JEFFERSON COUNTY, ALABAMA
OCTOBER 1, 1991 THROUGH SEPTEMBER 30, 1992*

Filed:

RONALD L. JONES
CHIEF EXAMINER

94-090

CONTENTS

	<u>Page No.</u>
Report to the Chief Examiner	A - D
Independent Auditor's Report	1-2
Exhibit #1 Combined Balance Sheet - All Fund Types and Account Groups	3-4
Exhibit #2 Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types and Expendable Trust Funds	5-6
Exhibit #3 Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General, Special Revenue, Debt Service and Capital Projects Fund Types	7-8
Exhibit #4 Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types and Similar Trust Funds	9
Exhibit #5 Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds	10-11
Notes to Financial Statements	12-40
<u>Supplementary Information</u>	
Exhibit #6 Combining Balance Sheet - All Special Revenue Funds	41
Exhibit #7 Combining Statement of Revenues, Expenditures and Changes in Fund Balance - All Special Revenue Funds	42
Exhibit #8 Combining Balance Sheet - All Capital Projects Funds	43
Exhibit #9 Combining Statement of Revenues, Expenditures and Changes in Fund Balance - All Capital Projects Funds	44
Exhibit #10 Combining Balance Sheet - All Enterprise Funds	45-46
Exhibit #11 Combining Statement of Revenues, Expenses and Changes in Retained Earnings - All Enterprise Funds	47-48
Exhibit #12 Combining Statement of Cash Flows - All Enterprise Funds	49-52

Contents Continued
Sheet #2

	<u>Page No.</u>
Exhibit #13 Combining Balance Sheet - All Internal Service Funds	53-54
Exhibit #14 Combining Statement of Revenues, Expenses and Changes in Retained Earnings - All Internal Service Funds	55-56
Exhibit #15 Combining Statement of Cash Flows - All Internal Service Funds	57-60
Exhibit #16 Combining Balance Sheet - All Trust and Agency Funds	61
Exhibit #17 Combining Statement of Revenues, Expenditures and Changes in Fund Balance - All Expendable Trust Funds	62
Exhibit #18 Combining Statement of Changes in Assets and Liabilities - All Agency Funds	63
Exhibit #19 Schedule of Federal Financial Assistance	64-65
Exhibit #20 Schedule of Revenues and Expenditures - Budget and Actual - ADECA Contract Number DB-90-03-0010	66
Exhibit #21 Schedule of Revenues and Expenditures - Budget and Actual - ADECA Contract Number DB-91-03-0010	67
Exhibit #22 Schedule of Revenues and Expenditures - Budget and Actual - ADECA Contract Number HL-90-002	68
Exhibit #23 Schedule of Revenues and Expenditures - Budget and Actual - ADECA Contract Number ESG91-012	69
<u>Additional Information</u>	70
Exhibit #24 Members of the County Commission and Finance Director	71
Exhibit #25 Compliance Report Based on an Audit of Component Unit Financial Statements Performed in Accordance With Government Auditing Standards	72
Exhibit #26 Report on the Internal Control Structure in Accordance With Government Auditing Standards	73-74
Exhibit #27 Single Audit Opinion on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs	75

Contents Continued
Sheet #3

	<u>Page No.</u>
Exhibit #28 Single Audit Report on Compliance With the General Requirements Applicable to Federal Financial Assistance Programs	76
Exhibit #29 Single Audit Report on Compliance With Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions	77
Exhibit #30 Single Audit Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	78-80
Exhibit #31 Auditee Response	81



STATE OF ALABAMA
DEPARTMENT OF EXAMINERS OF PUBLIC ACCOUNTS
MONTGOMERY, ALABAMA 36130

Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, AL 36130

Dear Sir:

Under the authority of the Code of Alabama 1975, Section 41-5-14, we submit this report on the Jefferson County Commission for the period October 1, 1991 through September 30, 1992.

SCOPE AND OBJECTIVES

This report encompasses an audit of financial statements of the Jefferson County Commission and a review of compliance by the Jefferson County Commission with applicable laws and regulations of the State of Alabama and federal financial assistance programs. This audit was conducted in accordance with generally accepted government auditing standards for financial audits. Objectives of this audit were to determine whether the financial statements present fairly the financial position, results of financial operations and cash flows and whether the Jefferson County Commission has complied with applicable laws and regulations.

CONTENTS OF REPORT

This report includes the following segments:

1. Report to the Chief Examiner - contains items pertaining to state legal compliance, agency operations and other matters.
2. Financial Section - includes component unit financial statements (Exhibits 1 through 5); Notes to the Financial Statements; financial information supplemental to the component unit financial statements (Exhibits 6 through 18); a Schedule of Federal Financial Assistance (Exhibit 19), which details federal assistance received and expended during the audit period; Schedules required by the Alabama Department of Economic and Community Affairs (Exhibits 20 through 23), which provide grant information; and the Independent Auditor's Report, which reports on whether the included financial information constitutes a fair presentation of the financial position, results of financial operations and cash flows.
3. Additional Information - contains basic information related to the auditee (Exhibit 24) and the following reports and items required by generally accepted government auditing standards and/or U.S. Office of Management and Budget (OMB) Circular A-128 for federal compliance audits:

Compliance Report Based on an Audit of Component Unit Financial Statements Performed in Accordance with Government Auditing Standards (Exhibit 25) - a report on whether the auditee has complied with laws and regulations which if not followed could have a material effect on the auditee's financial position and results of operations with positive assurance on the items tested and negative assurance on items not tested.

Report on the Internal Control Structure in Accordance with Government Auditing Standards (Exhibit 26) - a report on the internal control structure made as part of a financial statement audit.

Single Audit Opinion on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs (Exhibit 27) - a report which gives an opinion on the entity's compliance with specific requirements that are applicable to each of its major federal financial assistance programs.

Single Audit Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs (Exhibit 28) - a report on the general requirements which gives positive assurance on the items tested and negative assurance on the items not tested for federal programs.

Single Audit Report on Compliance with Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions (Exhibit 29) - a report on compliance with specific requirements applicable to nonmajor program transactions that gives positive assurance on the items tested and negative assurance on items not tested.

Single Audit Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs (Exhibit 30) - a report on the internal controls used to administer federal financial assistance programs.

Auditee Response (Exhibit 31) - a response by the auditee on the results of the audit.

AUDIT COMMENTS

The Jefferson County Commission provides for public safety, construction and maintenance of county roads and bridges, sanitation services, health and welfare services, educational, cultural and recreational services to the citizens of Jefferson County.

AUDIT FINDINGS

The County's general fixed asset inventory records were not updated in a timely manner. Also, accumulated depreciation was based on the fixed asset inventory list that existed prior to the implementation of the Manufacturer Appraisal Company's inventory. Therefore, depreciation does not coincide with the fixed assets on the financial statements.

Several adjustments were necessary to properly state the accounting records related to the debt transactions of the County.

Some federal financial reports were not compared with the accounting records on a regular basis.

STATUS OF PRIOR AUDITS

Findings contained in the prior audit have been resolved.

SUMMARY OF FEDERAL COMPLIANCE AND INTERNAL CONTROL STRUCTURE

Compliance with laws, regulations, contracts, and grants applicable to the Jefferson County Commission is the responsibility of management. Compliance reports are reflected on Exhibits 27, 28, and 29.

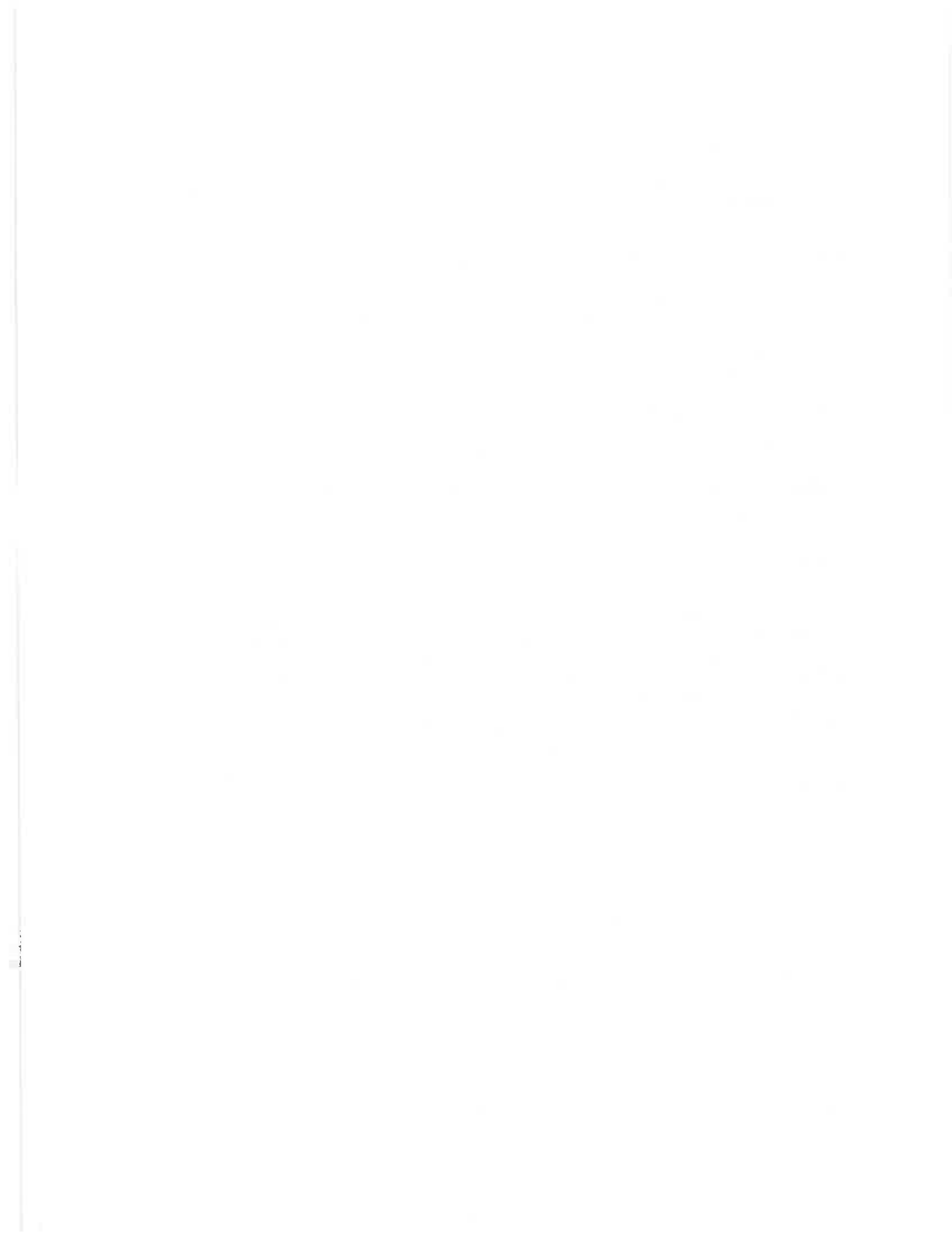
Management is responsible for establishing and maintaining the internal control structure which provides reasonable assurance that assets are safeguarded from loss or unauthorized use, that all transactions are properly recorded and are executed as authorized by management and that transactions are executed in accordance with applicable legal requirements including applicable federal legal requirements. Records should show evidence of the operation of these controls. A reportable condition was noted which reduces the effectiveness of the internal control structure of the Jefferson County Commission. The County's fixed asset inventory records were not updated on a timely basis. The reports on internal controls are reflected on Exhibits 26 and 30.

RECOMMENDATIONS

Fixed asset inventory records should be updated in a timely manner and depreciation expense should be properly computed based on recorded assets.

Management should review debt transactions in a timely manner and make the necessary accounting entries.

Federal financial reports should be compared with the accounting records on a regular basis.



Sworn to and subscribed
before me this the 16th
day of Dec. 1993

Norma H Newman
Notary Public

Sworn to and subscribed
before me this the 5th
day of December 1993

[Signature]
Notary Public

Sworn to and subscribed
before me this the 2th
day of December 1993

Teresa Hester
Notary Public

Sworn to and subscribed
before me this the 27th
day of December 1993

Robbie S. Wigginton
Notary Public

Sworn to and subscribed
before me this the 21st
day of Dec. 1993

Felby H. Nail
Notary Public

kw

Respectfully submitted,

Teresa W. Durrett

Teresa W. Durrett
Examiner of Public Accounts

Judy K. Teague

Judy K. Teague
Examiner of Public Accounts

Karen C. O'Bannon

Karen C. O'Bannon
Examiner of Public Accounts

Lynn W. Gordon

Lynn W. Gordon
Examiner of Public Accounts

Cathy M. Cook

Cathy M. Cook
Examiner of Public Accounts

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying component unit financial statements of the various funds and account groups of the Jefferson County Commission, oversight unit, as of and for the year ended September 30, 1992, listed in the table of contents as Exhibits 1 through 5. These financial statements are the responsibility of the Jefferson County Commission. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements referred to above include only the financial activities of the oversight unit. Financial activities of other component units, if any, that form the reporting entity are not included.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson County Commission, oversight unit, as of September 30, 1992, and the results of its operations and cash flows of its proprietary fund types and similar trust funds for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the component unit financial statements referred to above taken as a whole. The accompanying supplementary (Exhibits 6 through 23) information is presented for purposes of additional analysis and is not a required part of the component unit financial

statements of the Jefferson County Commission. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements of the Jefferson County Commission taken as a whole.



Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

November 23, 1993

JEFFERSON COUNTY COMMISSION

**Component Unit Financial Statements
and
Supplementary Information**

for the year ended September 30, 1992

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS						
Cash and cash equivalents	\$ 2,972,801	\$ 781,451	\$ 85,833	\$ 4,512,439	\$ 55,489,336	\$ 4,857,251
Investments	10,734,493	2,713,686	14,112,356	61,301,246	68,247,283	7,994,315
Accounts receivable, net of allowance for uncollectibles	9,711	63,730		9,330	728,990	4,490
Patient accounts receivable, net					4,116,248	
Due from contractual agencies					878,420	
Loans receivable		1,727,644				
Interest receivable		12,735	90,315	1,753,919		
Contributions receivable						
Due from other funds	170,000				66,690	
Due from other governmental units	5,981,761	4,292,047			577,888	162,135
Inventories	179,805	978,803			1,049,994	1,005,745
Prepaid expenses					39,643	
Warrant issue costs					3,161,864	
Fixed assets, net where applicable					300,217,321	8,745,110
Property and rights held under deferred compensation plan						
Accreted interest in general obligation warrants						
Amounts available in debt service funds						
Amount to be provided for retirement of general long-term debt						
Total assets	\$20,048,571	\$10,570,096	\$14,288,504	\$67,576,934	\$434,573,677	\$22,769,046
LIABILITIES						
Cash deficit		\$ 367,495			\$ 71,579	\$ 2,373,004
Accounts payable	\$ 1,513,694	3,067,293		\$ 1,131,195	7,198,068	1,146,552
Accounts payable - contractual						
Accounts payable - other					1,506,250	
Interest payable			\$2,811,817		251,384	
Accrued payroll and taxes	587,722				830,878	
Due to other funds					236,690	
Due to other governmental units	101,727					
Retainage payable					823,000	
Supernumerary sheriff retirement	52,800					
Deposits payable	4,137					3,264
Deferred revenues				87,180		
Accrued vacation and sick leave	432,606	165,728			3,174,462	1,389,221
Arbitrage rebate payable					230,006	282,390
Bonds and warrants payable					171,710,000	
Capital lease obligations					200,693	410,248
Obligations to employees under deferred compensation plan						
Total liabilities	2,692,686	3,600,516	2,811,817	1,218,375	186,233,010	5,604,679
FUND EQUITY AND OTHER CREDITS						
Investment in general fixed assets						
Contributed capital					175,021,559	11,239,986
Retained earnings:						
Reserve for professional liability					727,853	
Unreserved					72,691,255	
Fund balance (deficit):						
Reserve for:						
Encumbrances	267,471	137,916		8,216		
Inventories	179,805	978,803				
Debt service			11,476,687			
Petty cash	72,425	200				
Contingent refunds						
Retirement/Disability benefits						
Undesignated	16,836,184	5,852,661		66,350,343		5,924,381
Total fund equity and other credits	17,355,885	6,969,580	11,476,687	66,358,559	248,340,667	17,164,367
Total liabilities and fund equity and other credits	\$20,048,571	\$10,570,096	\$14,288,504	\$67,576,934	\$434,573,677	\$22,769,046

Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
	Trust And Agency	General Fixed Assets	General Long- Term Debt	1992
\$ 266,209			\$ 68,965,320	\$ 26,078,771
259,720,266			424,823,645	363,663,256
5,725			821,976	9,605,040
			4,116,248	5,769,189
			878,420	
3,316,080			5,043,724	4,570,245
			1,856,969	752,402
			350,775	232,588
350,775			236,690	66,982
			11,013,831	1,290,883
			3,214,347	2,900,837
			39,643	87,258
			3,161,864	
	\$214,748,790		523,711,221	416,114,979
9,560,801			9,560,801	8,160,592
		\$ 48,481,740	48,481,740	
		11,476,687	11,476,687	20,971,928
		154,866,821	154,866,821	129,830,199
\$273,219,856	\$214,748,790	\$214,825,248	\$1,272,620,722	\$990,095,149
\$ 6,227			\$ 2,818,305	\$ 2,732,816
181,426			14,238,228	11,654,964
			1,508,250	2,005,197
			3,063,201	1,413,177
			1,418,600	1,697,018
			236,690	66,982
			101,727	1,288,126
			823,000	
			52,800	48,750
			7,401	7,147
			87,180	1,000,000
598		\$ 5,662,476	10,825,091	9,589,417
		209,150,000	512,396	1,010,955
		12,772	380,860,000	220,429,765
			623,713	1,323,045
9,560,801			9,560,801	8,160,592
9,749,052		214,825,248	426,735,383	262,427,951
	\$214,748,790		214,748,790	135,060,100
			186,261,545	184,870,914
			727,853	724,336
			72,591,255	59,602,157
			413,603	5,823,701
			1,158,608	2,900,837
			11,476,687	23,873,273
			72,625	44,210
35,770,583			35,770,583	32,587,008
223,133,773			223,133,773	203,010,572
4,566,448			99,530,017	79,170,090
263,470,804	214,748,790		845,885,339	727,667,198
\$273,219,856	\$214,748,790	\$214,825,248	\$1,272,620,722	\$990,095,149

The accompanying notes are an integral part of the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL
FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
REVENUES				
Taxes	\$38,313,596	\$48,276,457		
Licenses and permits	37,502,262	6,551		
Intergovernmental revenues	9,540,697	13,099,943		\$ 25,000
Charges for services	11,334,185	2,430,084		923,267
Miscellaneous revenues	2,855,538	1,198,059	\$ 610,722	7,647,735
Total revenues	99,546,278	65,011,094	610,722	8,596,002
EXPENDITURES				
Current:				
General government	47,207,739	22,459,214		3,499,000
Public safety	31,331,198			
Highways and streets		22,873,284		5,757,681
Education	2,051,359			
Capital outlay	1,335,936	2,877,177		5,422,493
Debt services:				
Issuance costs			903,107	
Principal payments	48,987		4,855,000	
Interest and fiscal charges	2,674		5,322,716	
Total expenditures	81,977,893	48,209,675	11,080,823	14,679,174
Excess (deficiency) of revenues over (under) expenditures	17,568,385	16,801,419	(10,470,101)	(6,083,172)
OTHER FINANCING SOURCES (USES):				
Operating transfers in	34,815	18,894,191	15,563,897	24,867,457
Operating transfers out	(24,301,608)	(35,237,104)	(24,836,957)	(87,718)
Proceeds from general obligation bonds			37,261,838	
Payment to escrow agent			(26,871,702)	
Discount on bonds sold				
Gain on sale of fixed assets	83,580	120,550		
Total other financing sources (uses)	(24,183,213)	(16,222,363)	1,117,076	24,779,739
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(6,614,828)	579,056	(9,353,025)	18,696,567
FUND BALANCE				
September 30, 1991 (as restated)	23,970,713	6,390,524	20,829,712	47,661,992
Residual equity transfers out				
September 30, 1992	\$17,355,885	\$ 6,969,580	\$11,476,687	\$66,358,559

<u>Fiduciary Fund Type</u> <u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>	
	<u>1992</u>	<u>1991</u>
	\$ 86,590,053	\$ 84,400,660
	37,508,813	36,245,533
\$ 189,603	22,855,243	21,838,570
5,779	14,693,315	11,361,860
326,720	12,638,774	8,975,204
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522,102	174,286,198	162,821,827
77,521	73,243,474	71,489,678
	31,331,198	28,996,957
	28,630,965	38,394,189
	2,051,359	1,966,811
	9,635,606	6,269,165
	903,107	157,705
	4,903,987	4,830,795
	5,325,390	1,531,287
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77,521	156,025,086	153,636,587
444,581	18,261,112	9,185,240
<hr/>	<hr/>	<hr/>
226,873	59,587,233	56,122,951
	(84,463,387)	(55,882,483)
	37,261,838	38,943,489
	(26,871,702)	(876,105)
	204,130	6,277
<hr/>	<hr/>	<hr/>
226,873	(14,281,888)	38,314,129
671,454	3,979,224	47,499,369
3,894,994	102,747,935	64,839,502
		(6,547,376)
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\$4,566,448	\$106,727,159	\$105,791,495

The accompanying notes are an integral part of the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL, SPECIAL REVENUE, DEBT SERVICE,
AND CAPITAL PROJECTS FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES						
Taxes	\$ 37,243,107	\$ 38,313,596	\$ 1,070,489	\$ 48,407,781	\$ 48,276,457	\$ (131,324)
Licenses and permits	38,840,102	37,502,262	(1,137,840)	8,463	6,551	(1,912)
Intergovernmental revenues	5,970,569	9,540,697	3,570,128	15,854,435	13,099,943	(2,754,492)
Charges for services	10,037,590	11,334,185	1,296,595	1,208,245	2,430,084	1,221,839
Miscellaneous revenues	10,244,057	2,855,538	(7,388,519)	815,557	1,198,059	382,502
Total revenue	102,135,425	99,546,278	(2,589,147)	66,294,481	65,011,094	(1,283,387)
EXPENDITURES						
Current:						
General government	48,940,070	47,207,739	1,732,331	26,340,937	22,459,214	3,881,723
Public safety	31,853,263	31,331,198	522,065			
Highways and streets				24,245,315	22,873,284	1,372,031
Education	2,054,805	2,051,359	3,446			
Capital outlay	1,545,412	1,335,936	209,476	3,116,124	2,877,177	238,947
Debt service:						
Issuance costs						
Principal retirement	49,263	48,987	276			
Interest and fiscal charges	2,437	2,674	(237)			
Total expenditures	84,445,250	81,977,893	2,467,357	53,702,376	48,209,675	5,492,701
Excess (deficiency) of revenue over (under) expenditures	17,690,175	17,568,385	(121,790)	12,592,105	16,801,419	4,209,314
OTHER FINANCING SOURCES (USES)						
Operating transfers in	34,815	34,815	0	20,237,400	18,894,191	(1,343,209)
Operating transfers out	(31,460,784)	(24,301,608)	7,159,176	(37,769,438)	(35,237,104)	2,532,334
Proceeds from general obligation bonds						
Use of bond proceeds						
Gain on sale of fixed assets	8,985	83,580	74,595	13,530	120,550	107,020
Total other financing sources (uses)	(31,416,984)	(24,183,213)	7,233,771	(17,518,508)	(16,222,363)	1,296,145
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses - budgetary basis	(13,726,809)	(6,614,828)	7,111,981	(4,926,403)	579,056	5,505,459
Fund balance						
September 30, 1991 (as restated)	23,970,713	23,970,713		6,390,524	6,390,524	
September 30, 1992	\$10,243,904	\$17,355,885	\$ 7,111,981	\$ 1,464,121	\$ 6,969,580	\$ 5,505,459

Debt Service Fund			Capital Project Funds			Totals (Memorandum Only)		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
						\$ 85,850,888	\$ 86,590,053	\$ 939,165
			\$ 244,800	\$ 25,000	\$ (219,800)	38,648,566	37,508,813	(1,139,752)
			912,820	923,267	10,447	22,069,804	22,885,640	595,838
\$ 977,796	\$ 610,722	\$ (367,074)	1,874,244	7,847,735	5,973,491	12,158,655	14,687,536	2,528,881
						13,711,654	12,312,054	(1,399,600)
977,796	610,722	(367,074)	2,831,864	8,596,002	5,764,138	172,239,568	173,764,096	1,524,530
			3,420,208	3,499,000	(78,792)	78,701,215	73,165,953	5,535,262
			5,132,585	5,757,881	(625,096)	31,853,283	31,331,198	522,085
			5,025,426	5,422,493	(397,067)	29,377,900	28,630,965	746,935
						2,054,805	2,051,359	3,446
						9,686,962	9,635,606	51,356
	903,107	(903,107)					903,107	(903,107)
4,012,916	4,855,000	(842,084)				4,062,179	4,903,987	(841,808)
12,754,408	5,322,716	7,431,692				12,756,845	5,325,390	7,431,455
18,767,324	11,080,823	5,686,501	13,578,219	14,679,174	(1,100,955)	168,493,189	155,947,565	12,545,604
(15,789,528)	(10,470,101)	5,319,427	(10,746,355)	(8,083,172)	4,663,183	3,746,397	17,816,531	14,070,134
15,899,073	15,563,897	(135,178)	67,800	24,867,457	24,799,657	36,039,088	59,360,360	23,321,272
	(24,836,957)	(24,836,957)	(87,718)	(87,718)		(69,317,940)	(84,463,387)	(15,145,447)
	37,261,838	37,261,838					37,261,838	37,261,838
	(26,871,702)	(26,871,702)					(26,871,702)	(26,871,702)
						22,515	204,130	181,615
15,899,073	1,117,076	(14,581,997)	(19,918)	24,779,739	24,799,657	(33,256,337)	(14,508,761)	18,747,576
(90,455)	(9,353,025)	(9,262,570)	(10,766,273)	18,696,567	29,462,840	(29,509,940)	3,307,770	32,817,710
20,829,712	20,829,712		47,661,992	47,661,992		98,852,941	98,852,941	
\$20,739,257	\$11,476,667	\$(9,262,570)	\$36,895,719	\$68,358,559	\$29,462,840	\$ 69,343,001	\$102,160,711	\$32,817,710

The accompanying notes are an integral part of the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED
EARNINGS - ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise Funds	Internal Service Funds	Pension Trust Fund	1992	1991
OPERATING REVENUES					
Taxes	\$ 2,170,195			\$ 2,170,195	\$ 2,201,219
Licenses and permits	9,349			9,349	6,676
Intergovernmental revenues		\$ 1,804,620		1,804,620	1,384,576
Charges for services	49,211,749	23,119,574		72,331,323	61,847,479
Miscellaneous revenues	54,234	143,969		198,203	4,326,191
Net patient revenue	28,253,187			28,253,187	19,220,212
Medicaid disproportionate share revenue	19,890,090			19,890,090	29,603,804
Employer contributions			\$ 5,056,227	5,056,227	4,715,854
Employee contributions			5,049,077	5,049,077	4,703,747
Interest income			11,478,344	11,478,344	12,786,350
Dividend income			3,441,820	3,441,820	3,263,056
Gain on sale of investments			5,138,200	5,138,200	3,899,487
Miscellaneous income			266,112	266,112	240,843
Total operating revenues	99,588,804	25,088,163	30,429,780	155,086,747	148,198,494
OPERATING EXPENSES					
Salaries and wages	39,841,028	11,833,258	70,477	51,744,763	46,266,664
Provision for bad debts	2,902,889			2,902,889	3,867,047
Fringe benefits	6,618,312	1,970,560		8,588,872	11,065,156
Utilities	4,125,250	440,850		4,566,100	6,587,335
Depreciation	6,627,193	2,254,890		8,882,083	10,069,112
Outside services	5,749,447	647,534		6,396,981	8,292,468
Services from other hospitals	6,252,653			6,252,653	3,195,064
Jefferson Clinic	8,414,292			8,414,292	6,186,066
County maintenance	5,901,182			5,901,182	3,432,545
Office expense	5,199,140	3,144,627		8,343,767	3,361,963
Supplies	10,068,473	6,972,612		17,041,085	14,210,512
All other	10,037,851	3,166,804	41,289	13,245,944	5,499,966
Investment manager fees			860,963	860,963	747,619
Benefit payments			5,041,827	5,041,827	4,648,489
Refunds of employee contributions			916,470	916,470	916,521
Interest paid on refunds			191,978	191,978	168,532
Total operating expenses	111,737,710	30,431,135	7,123,004	149,291,849	128,515,059
Operating income (loss)	(12,148,906)	(5,362,972)	23,306,776	5,794,898	19,683,435
NONOPERATING REVENUES (EXPENSES)					
Miscellaneous revenues	4,432,453			4,432,453	2,522,603
Investment income	1,317,843			1,317,843	
Gain on sale of fixed assets	30,302			30,302	22,111
Interest income	3,327,681	1,095,777		4,423,458	
Interest expense	(1,240,302)	(53,342)		(1,293,644)	(5,456,569)
Income (loss) before operating transfers	(4,280,929)	(4,320,537)	23,306,776	14,705,310	16,771,580
Operating transfers in (out)	18,666,438	6,209,717		24,876,155	(240,468)
Net income	14,385,509	1,889,180	23,306,776	39,581,465	16,531,112
Fund equity (as restated), September 30, 1991	58,933,599	4,035,201	235,597,580	298,566,380	285,413,576
Fund equity, September 30, 1992	\$ 73,319,108	\$ 5,924,381	\$258,904,356	\$338,147,845	\$301,944,688

The accompanying notes are an integral part of the financial statements.

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise Funds	Internal Service Funds	Pension Trust Fund	1992	1991
Cash flows from operating activities:					
Cash received from customers	\$ 75,065,933	\$ 24,822,820	\$ 9,070,647	\$ 99,888,753	\$ 81,553,992
Cash received from contributions				9,070,647	8,816,782
Cash payments to suppliers for goods and services	(59,134,400)	(15,213,740)	(747,241)	(75,095,381)	(58,503,011)
Cash payments to employees for services	(44,975,705)	(13,706,757)	(70,477)	(58,752,939)	(53,378,596)
Benefits paid to participants			(5,041,827)	(5,041,827)	(4,648,489)
Other operating revenues	2,163,468	143,969	224,823	2,532,260	9,233,965
Cash received from Medicaid	19,016,351			19,016,351	29,603,804
Net cash provided by (used in) operating activities	(7,864,353)	(3,953,708)	3,435,925	(8,382,136)	12,678,447
Cash flows from noncapital financing activities:					
Operating transfers in (out)	18,666,438	6,209,717		24,876,155	(240,468)
Receipts from other funds	170,000			170,000	
Increase (decrease) in cash deficit	(147,551)	730,288		582,737	
Net cash provided by (used in) noncapital financing activities	18,688,887	6,940,005		25,628,892	(240,468)
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(32,705,996)	(789,487)		(33,495,483)	(31,574,824)
Capital contributed by other governmental units	1,235,201			1,235,201	6,547,376
Principal paid on warrants and leases					(1,040,000)
Proceeds from sale of fixed assets	1,549,206			1,549,206	349,163
Proceeds from issuance of debt	94,224,520			94,224,520	
Interest paid on warrants and leases	(1,240,306)	(53,342)		(1,293,648)	(5,456,568)
Net cash provided by (used in) capital and related financing activities	63,062,625	(842,829)		62,219,796	(31,174,853)
Cash flows from investing activities:					
Interest and dividend income	3,433,472	1,095,777	14,920,164	19,449,413	16,065,383
Proceeds from gain on sale of investments securities	1,200,745			1,200,745	18,107,759
Purchase of investment securities	(33,747,565)	(3,310,501)	(18,173,240)	(55,231,306)	(22,813,768)
Interest paid on refunds			(191,978)	(191,978)	(168,532)
Net cash provided by (used in) investing activities	(29,113,348)	(2,214,724)	(3,445,054)	(34,773,126)	11,190,842
Net increase (decrease) in cash and cash equivalents	44,773,811	(71,256)	(9,129)	44,693,426	(7,546,032)
Cash and cash equivalents, beginning of year	10,715,525	4,928,507	9,129	15,653,161	23,199,193
Cash and cash equivalents, end of year	\$ 55,489,336	\$ 4,857,251	\$ -0-	\$ 60,346,587	\$ 15,653,161

The accompanying notes are an integral part of the financial statements.

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>	
	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Pension Trust Fund</u>	<u>1992</u>	<u>1991</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					.
Operating income (loss)	\$(12,148,906)	\$(5,362,972)	\$23,306,776	\$ 5,794,898	\$22,142,120
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation expense	6,627,193	2,254,890		8,882,083	10,069,112
Provision for doubtful accounts	3,742,284			3,742,284	
Adjustments for physical inventory	(4,288,941)			(4,288,941)	
Decrease in prepaid items	47,616			47,616	8,705
Increase in accounts receivable	(1,892,084)	(101,374)	(118,187)	(2,111,645)	(584,494)
Increase in contractual agencies receivables	(873,740)			(873,740)	
Increase in due from other governmental units	(577,266)			(577,266)	
(Increase) decrease in inventories	(179,683)	(106,517)		(286,200)	166,801
Increase (decrease) in accounts payable - trade	1,775,144	(598,504)	113,722	1,290,362	1,082,940
Decrease in accounts payable - contractual	(2,005,197)			(2,005,197)	
Increase in accounts payable - other	916,073			916,073	
Increase in accrued payroll and taxes	124,563			124,563	151,362
Increase in deposits payable		254		254	272
Increase in compensated absences	704,679	97,064		801,743	52,354
Increase (decrease) in arbitrage rebate payable	163,912	(65,866)		98,046	
Decrease in capital lease payable		(70,683)		(70,683)	(631,364)
Interest paid on refunds			191,978	191,978	168,532
Interest and dividend revenue			(14,920,164)	(14,920,164)	(16,048,406)
Investment revenue			(5,138,200)	(5,138,200)	(3,899,487)
Total adjustments	4,284,553	1,409,264	(19,870,851)	(14,177,034)	(9,463,673)
Net cash provided by (used in) operating activities	\$(7,864,353)	\$(3,953,708)	\$ 3,435,925	\$ (8,382,136)	\$12,678,447

During 1992, the County performed a physical inventory of property, plant, and equipment and adjusted the financial statements to reflect the results of the physical count. The following changes to property, plant, and equipment were made with a corresponding change to contributed capital or fund balance in the following fund types:

<u>\$36,849,744</u>	<u>\$(9,504,334)</u>	<u>\$27,345,410</u>
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The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Since the implementation of the Consent Decree in August 1985, Jefferson County (the County) has operated under the Commission form of government. The five elected members of the Jefferson County Commission (the Commission), the legislative branch of the government, oversee the operations of the County as well as review and approve the County's programs and budgets.

The accounting policies of the Commission conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The component unit financial statements of the County, the oversight unit, have also been prepared in conformity with GAAP. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

A. **The Reporting Entity**

As required by generally accepted accounting principles, the component unit financial statements reflect the financial activities of the County and those entities over which the County exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Accordingly, the financial statements of the following organization is included in the accompanying financial statements:

General Retirement System Fund (GRS) – The Commission appoints the chairman of the five member pension board. Two other members of the pension board are appointed by the County Personnel Board and the County Probate Judge, respectively. Substantial funding is also provided by the County. The GRS is included in Fiduciary Funds as a trust fund.

The following organizations are not part of Jefferson County and are excluded from the accompanying financial statements:

Birmingham-Jefferson Civic Center Authority – The Birmingham-Jefferson Civic Center Authority (the Authority) is a corporation formed to own and operate a civic center complex in downtown Birmingham which promotes cultural, sporting, and business events for Birmingham and the surrounding area. The complex includes a coliseum, exhibition halls, theaters, a restaurant, and a full-service hotel. The County assumes no responsibility for the day-to-day operations of the Authority which are funded through user charges.

NOTES TO FINANCIAL STATEMENTS, Continued

Certain components of the Authority's complex were constructed using debt issued by the County and the City of Birmingham (the City). Profits, if any, from the operations of these components are shared by the County and the City in the ratio of debt that was issued.

Jefferson County Board Of Education – The Jefferson County Board of Education is an elected school board serving the general population of the County. The Commission has no control over the board's members, operations, or funding sources.

B. Fund Accounting

The accounts of the County are organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. A **fund** is a separate accounting entity with a self-balancing set of accounts. Resources are allocated to each fund and accounted for based on the purposes for which they are to be spent and the means of controlling the spending activities. An **account group** is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types" as follows:

Governmental Funds – Governmental Funds are those through which most governmental functions are financed. A governmental fund's measurement focus is on the determination of financial position and changes in financial position. Four types of governmental funds are employed by the County.

General Fund – Transactions relating to resources obtained and used for delivery of those services traditionally provided by a county government, which are not accounted for in other funds, are accounted for in the General Fund. These services include, among other things, general government, health and public safety, public works, and community services.

Special Revenue Funds – Transactions relating to resources obtained and used for certain Federal and State programs and from other resources upon which legal restrictions are imposed are accounted for in the Special Revenue Funds. The following comprise the Special Revenue Funds:

The **Indigent Care Fund** accounts for the receipt and expenditures of a portion of beverage and sales taxes designated for the health and welfare of indigent county residents.

NOTES TO FINANCIAL STATEMENTS, Continued

The **Road Fund** accounts for the receipt and expenditures of the County's share of proceeds from applicable gasoline taxes, ad valorem taxes, inspection fees, and other taxes and fees designated for the construction and maintenance of county roads.

The **Senior Citizens' Activities Fund** accounts for the expenditures of Federal and County funds used to provide social, nutritional, transportation, and other services to elderly persons residing in the Jefferson County area.

The **Bridge and Public Building Fund** accounts for the receipt and expenditures of ad valorem tax revenues designated for the maintenance and repair of County bridges and public buildings.

The **Community Development Fund** accounts for the receipt and expenditures of federal block grant funds received by the County.

Debt Service Funds - Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. During the fiscal year ended September 30, 1992, the County maintained one Debt Service Fund.

Capital Projects Fund - The Capital Projects Funds account for the acquisition and construction of major capital facilities (other than those of Proprietary Funds and Trust Funds). The primary funding sources are bond proceeds and Federal and State revenues. The following describes each Capital Projects Fund:

The **Capital Improvements Fund** accounts for the financial resources used in the improvement of major capital facilities (other than those financed by Proprietary and Trust Funds).

The **Road Construction Fund** accounts for the financial resources used in the construction of roads.

Proprietary Funds - Proprietary Funds are used to account for the organizations and activities of the County which are similar to those often found in private enterprises. The measurement focus is on determination of net income, financial position, and cash flows. Two types of Proprietary Funds are employed by the County:

Enterprise Funds - Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing

NOTES TO FINANCIAL STATEMENTS, Continued

body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Funds used by the County are as follows:

The Cooper Green Hospital Fund accounts for the operations of the Cooper Green Hospital. Operating revenues are derived from net patient charges and reimbursements from third parties including Medicare and Medicaid.

The County Home Fund accounts for the operations of in-patient nursing facilities. Net revenues are received from patient charges and reimbursements from third parties, principally Medicaid.

The Landfill Operations Fund accounts for the operations of the County's landfill systems. Revenues are generated primarily through user charges.

The Sanitary Operations Fund accounts for the operations of the County's sanitary sewer systems. Revenues are generated primarily through user charges, impact fees, and designated ad valorem taxes.

The Parking Deck Fund accounts for the operations of the County parking deck. Revenues are generated through user charges.

Internal Service Funds – Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the County and other governments on a cost reimbursement basis. Internal service funds used by the County are as follows:

The Risk Management Fund accounts for the accumulation and allocation of costs to provide insurance needs to County departments.

The Personnel Board Fund accounts for the accumulation and allocation of costs for providing personnel to County departments and other governmental units by the Jefferson County Personnel Board.

The Elections Fund accounts for the accumulation and allocation of costs of holding County elections.

The Information Services Fund accounts for the accumulation and allocation of costs for providing data processing, microfilming, and related services to the various County departments.

NOTES TO FINANCIAL STATEMENTS, Continued

The **Fleet Management Fund** accounts for the accumulation and allocation of costs for providing and maintaining vehicles to County departments.

The **Central Laundry Fund** accounts for the accumulation and allocation of costs for providing laundry services to County departments.

The **Printing Fund** accounts for the accumulation and allocation of costs for providing printing, postage, and related services to County departments.

The **Building Services Fund** accounts for the accumulation and allocation of costs for providing building maintenance and other related services for the County.

The **Equipment Acquisition Fund** accounts for the accumulation and allocation of costs to provide equipment to the various County departments.

Fiduciary Funds – The Fiduciary Funds account for transactions related to assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include pension trust, expendable trust, and agency funds. For accounting measurement purposes, pension trust and expendable trust funds are accounted for as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve a measurement of results of operations.

Individual funds included in the Fiduciary Funds are as follows:

Pension Trust Fund – This fund accounts for all transactions related to resources held in trust for the General Retirement System for Employees of Jefferson County (GRS).

Expendable Trust Funds – Expendable trust funds are used to account for the assets held in trust by the County and disbursed at the direction of law, a specific individual or an organization. Currently, the County has two such funds:

The **CDBG/EDA Revolving Loan Fund** accounts for the County's administration of various loan programs for rental housing rehabilitation and economic development.

The **Pension Fund** accounts for the reimbursement of expenditures made by the County on behalf of the GRS.

NOTES TO FINANCIAL STATEMENTS, Continued

Agency Fund - The **Deferred Compensation Fund** accounts for assets which belong to employees who have deferred income under provisions of Internal Revenue Code, Section No. 457.

Account Groups - Account groups are used to establish accounting control and accountability of specific items. The account groups are not funds and do not reflect available financial resources and related liabilities; they are accounting records. The two account groups used by the County are as follows:

The **General Fixed Assets Account Group** accounts for all fixed assets of the County except those accounted for in the Proprietary Funds and Fiduciary Funds.

The **General Long-Term Debt Account Group** accounts for all long-term debt of the County except the debt accounted for in the Proprietary Funds and Fiduciary Funds.

C. Basis Of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements that are made, regardless of the measurement focus that is applied.

The modified accrual basis of accounting is followed by governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the related fund liability is incurred, but general long-term debt services (maturing principal, interest, and fiscal charges) are recorded when due.

In applying the "susceptible to accrual" concept to inter-governmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of these revenues. In one case, monies must be expended on the specific purpose or project before any amounts will be paid to the County; therefore, revenues are recognized based upon expenditures. In the other case, monies are virtually unrestricted as to the purpose of the expenditure and are revocable only for failure to comply with prescribed compliance requirements, such as equal opportunity employment. These resources are reflected as revenues at the time of receipt or earlier if they are "susceptible to accrual."

Property, gross receipts, and sales taxes are considered "measurable" when in the hands of the intermediary collecting agent and are recognized as revenue at that time. Licenses and

NOTES TO FINANCIAL STATEMENTS, Continued

permits, charges for services, fines and forfeits, and miscellaneous revenues (except for investment earnings) are recorded as revenues when received because they are generally not measurable until they are received. Investment earnings are recorded when earned since they are measurable and available.

The accrual basis of accounting is used by the proprietary funds, pension trust funds, and nonexpendable trust funds. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded as incurred.

D. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services.

Encumbrance accounting—under which purchase orders, contracts, and other commitments for future expenditures of funds are recorded in order to reserve that portion of the applicable appropriation—is utilized in the governmental funds during the year to facilitate effective budgetary control. Encumbrances outstanding at year end are reported as reservations of the applicable fund balances, but do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

E. Budgetary Data

The revenues and expenditures accounted for in the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the County operations. The Commission approves and appropriates the budgets for these funds annually.

Expenditures may not exceed appropriations by line item at the departmental level. The County is authorized to transfer budgeted amounts between line items of the same category of the same division (group of departments). Any adjustments that create a new line item, increase the total budget or require transfers between divisions or categories must be approved by the Commission. The reported budgetary data has been revised for amendments authorized during the year.

All funds requiring legally adopted budgets have budgets which are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

NOTES TO FINANCIAL STATEMENTS, Continued

F. Total Columns On Combined Statements – Overview

Total columns on the component unit financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. The data is not comparable to a consolidation; interfund eliminations have not been made in the aggregation of this data.

G. Cash And Cash Equivalents

Cash and cash equivalents includes cash on hand, amounts on deposit with the County Trustee, demand deposits, savings accounts, and temporary cash investments with an original maturity date within three months of the date acquired.

H. Investments

State statutes require that the Commission invest only in obligations of the U.S. Treasury and securities of federal agencies.

Investments are stated at cost or amortized cost with the related discount and premium being amortized using the effective interest rate method, subject to adjustment for market declines determined to be other than temporary, except for investments in the Deferred Compensation Agency Fund which are reported at market value.

I. Accounts Receivable

Amounts recorded as receivables for governmental and fiduciary fund types consist primarily of amounts due from other governmental units/departments. Receivables in the proprietary fund are for Cooper Green Hospital (the Hospital) and are from patients, insurance companies, and third-party reimbursement contractual agencies and are recorded at net realizable value. Certain third-party insured accounts (Blue Cross, Medicare, and Medicaid) are based on contractual agreements which generally result in the Hospital collecting less than the established charge rates. Final determination of payments under these agreements are subject to review by appropriate authorities. Adequate allowances are provided for doubtful accounts, charity, and other uncertainties. Doubtful accounts are written off against the allowance, after adequate collection effort is exhausted, and recorded as recoveries of bad debts if subsequently collected. Net patient service revenues include only those amounts estimated by management to be collectible.

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not

NOTES TO FINANCIAL STATEMENTS, Continued

reported as revenue. The total amount of charity care provided by Cooper Green Hospital for the year ended September 30, 1992 was approximately \$15,229,000.

J. Property Taxes

Property taxes are recorded as revenues in the fiscal year of the levy if collected within two months (by November 30) following the end of the fiscal year in accordance with generally accepted accounting principles. Delinquent taxes estimated to be collected subsequent to November 30 are included in the balance sheet as property taxes receivable and deferred revenues to reflect amounts that were not available as revenues at September 30, 1992.

K. Inventories

Inventories of the General, Enterprise, and Internal Service funds, which include pharmacy, dietary, and other supplies, and the Special Revenue Road Fund, which consists of surfacing materials and other supplies, are stated at the lower of cost or market using the last invoice price method which approximates the first-in, first-out (FIFO) method and are charged to operations when consumed. Expendable supplies held by governmental funds are recorded as expenditures at the time such items are purchased and are not reflected as inventories because the amount of these supplies is insignificant.

L. Interfund Transactions

Quasi-external transactions are accounted for as fund revenues and expenditures or expenses (as appropriate). Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from the fund which are properly applicable to another fund are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

All interfund transactions except advances, quasi-external transactions, and reimbursements are accounted for as transfers. Nonrecurring or nonroutine transfers of equity between funds are considered residual equity transfers, and all other transfers are treated as operating transfers.

M. General Fixed Assets Account Group

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and recorded at historical cost where historical records are available and at estimated historical cost where no historical records exist in the General Fixed Assets Account Group. Contributed assets are recorded in the account group at fair market value at the time of receipt. Construction period interest expenditures are not included in the costs recorded in the General Fixed Asset Account Group.

NOTES TO FINANCIAL STATEMENTS, Continued

Infrastructures, principally roads, bridges, curbs, gutters, streets, sidewalks, drainage systems, and lighting systems are not recorded in the account group. Such assets normally are immovable and of value only to the County. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets.

No depreciation is recorded in the General Fixed Assets Account Group.

N. Property And Equipment – Enterprise And Internal Service Funds

Property and equipment of the Enterprise and Internal Service Funds are stated at cost or estimated cost. All significant construction period interest expenditures incurred in the preparation of assets for use are included in the costs recorded in the Enterprise and Internal Service Funds. Depreciation and amortization of all exhaustible fixed assets of the Enterprise and Internal Service Funds are charged as an expense to operations. Accumulated depreciation is reported on the Enterprise and Internal Service Fund's balance sheets as a reduction of fixed assets. Depreciation is provided over the estimated useful lives of the assets using the straight-line method of computing depreciation based on useful lives as follows:

Land improvements	28 years
Buildings	28-50 years
Equipment	5-30 years

Amounts expended for maintenance and repairs are charged to expense and expenditures for major renewals and betterments are capitalized. Upon disposition of property, plant and equipment, both the asset and accumulated depreciation amounts are relieved and the related gain or loss is credited or charged to operations.

O. Deferred Revenues

Deferred revenues represent amounts that were receivable and measurable at September 30, 1992, but were not available to finance expenditures for the year ended September 30, 1992. Deferred revenues primarily include unavailable revenues from property taxes, operating subsidies received in advance, and proceeds from sales of property to be collected in installments.

NOTES TO FINANCIAL STATEMENTS, Continued

P. Sick And Annual Leave

The County has a standard leave policy for its full-time employees as to sick and annual leave. All employees holding a regular position earn vacation leave based on length of service as follows:

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

Vacation leave earned but not used in a calendar year may be accumulated to a maximum of forty days. Vacation leave earned in excess of the maximum not used by December 31 of a given year shall be forfeited.

Sick leave shall be earned at the rate of one day for every month of service. Sick leave earned but not used during a calendar year may be accumulated to a maximum of sixty days. Sick leave earned in excess of the maximum is held in a special reserve and may be granted as supplemental sick leave subject to certain provisions. On September 29, 1992, the County adopted a "wellness program" which will convert unused sick leave to retirement credit. The impact of the program on the September 30, 1992 financial statements is not considered to be material.

A permanent employee terminating from County service in good standing shall be compensated for unused earned vacation not to exceed forty days. Terminated employees in good standing who have completed five years of service may receive fifty percent of their unused earned sick leave not to exceed thirty days, subject to the approval of the appointing authority.

Statement of Financial Accounting Standards No. 43 as issued by the Financial Accounting Standards Board (FASB) requires the accrual of a liability for future vacation, sick and other leave benefits where:

- the employer's obligation relating to employees' right to receive compensation for future absences is attributable to services already rendered;
- the obligation relates to rights that vest or accumulate;
- payment of the compensation is probable; and
- the amount can be reasonably estimated.

NOTES TO FINANCIAL STATEMENTS, Continued

The County has accrued \$10,825,091 under SFAS No. 43 as of September 30, 1992.

Q. Accounts Payable

A liability of \$758,335 is included in Accounts Payable in the Cooper Green Hospital Enterprise Fund. This liability is in dispute with the Hospital's former computer vendor - McAuto Company. The McAuto Company promised that their system would perform certain functions which the Hospital says it did not do. As a result, the Hospital refused to pay the remainder of the contract and McAuto has refused to release the Hospital from the liability.

R. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

The long-term liability of Cooper Green Hospital consists of a liability for payment of a new energy efficient system and installation and implementation of the system. The liability will be paid through the shared-savings program, whereby 75 percent of the cost savings between the current energy cost and the historical energy cost will be paid to the contractor.

S. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Contributed capital is recorded in Proprietary Funds that have received capital contributions from other funds. Fund balances are reserved for the following:

Encumbrances - to fund future commitments for outstanding purchase orders and outstanding contracts.

Inventory - that portion of fund balance represented by inventory that is not available for appropriation and expenditure.

Retirement Benefits - to fund future benefits of participants of the retirement plans.

NOTES TO FINANCIAL STATEMENTS, Continued

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Fund Deficits - The County had fund deficits as of September 30, 1992 in the following funds:

Personnel Board Fund	<u>\$1,954,583</u>
Pension Fund	<u>\$1,100</u>

The Commission intends to transfer funds from the General Fund to reduce these deficits.

3. CASH AND INVESTMENTS

A. Cash

As of September 30, 1992, the carrying amount of the County's deposits, including Cooper Green Hospital and the General Retirement System, was \$2,659,843 and the bank balance was \$7,000,008. Of the bank balance, \$1,027,443 was covered by federal depository insurance; \$4,479,772 was in collateral held by the pledging financial institution's trust department or agent in the institution's name and pledged to the County; and \$1,492,793 was uninsured and uncollateralized.

B. Investments

State statutes allow the County to invest in U.S. government obligations and U.S. government agency obligations. The County's investments are categorized below to give an indication of the level of credit risk assumed. Category 1 is for investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 is for uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent in the County's name. Category 3 is for uninsured and unregistered investments for which the securities are held by the counterparty, or by its Trust Department or agent but not in the County's name.

	Risk Category			Total	
	1	2	3	Cost	Market
U.S. Government Obligations	\$266,598,352			\$266,598,352	\$273,541,034
Corporate obligations	49,916,146			49,916,146	54,025,872
Corporate stocks	100,398,671			100,398,671	118,246,355
Repurchase agreements	53,780,000			53,780,000	53,780,000
Other	<u>17,443,609</u>			<u>17,443,609</u>	<u>17,443,609</u>
	<u>\$488,136,778</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$488,136,778</u>	<u>\$517,036,870</u>

NOTES TO FINANCIAL STATEMENTS, Continued

The County offers employees a deferred compensation plan (see Note 16). The deferred compensation plan's assets of \$9,560,801, which represents market value at September 30, 1992, are held by Public Employees Benefit Services Corporation (PEBSCO). These assets are not included in the risk categories above because specific securities belonging to the County are not identifiable.

4. DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governments total \$11,013,831. The following schedule shows amounts due from various governmental agencies:

	<u>Amount</u>
Federal agencies	\$ 786,029
State agencies	9,349,491
Local government agencies	<u>878,311</u>
 Total	 <u>\$11,013,831</u>

5. CHANGES IN FIXED ASSETS

The County performed a physical inventory of its fixed assets as of September 30, 1992. The results of the inventory required adjustments to the recorded asset balances. The results of the adjustments are shown in the schedules below in the column entitled "Inventory Adjustments."

The following schedule is a summary of changes in General Fixed Assets at September 30, 1992:

	<u>Balance September 30, 1991</u>	<u>Additions</u>	<u>Deductions</u>	<u>Inventory Adjustments</u>	<u>Balance September 30, 1992</u>
Land	\$ 7,352,202	\$ 111,958		\$(1,097,696)	\$ 6,366,464
Buildings	79,175,681	292,956		87,842,810	167,311,447
Improvements other than buildings	2,925,186	41,513		(2,573,429)	393,270
Equipment	37,887,166	4,613,951	\$1,964,789	(714,943)	39,821,385
Construction in progress	<u>7,719,865</u>	<u> </u>	<u> </u>	<u>(6,863,641)</u>	<u>856,224</u>
Totals	<u>\$135,060,100</u>	<u>\$5,060,378</u>	<u>\$1,964,789</u>	<u>\$76,593,101</u>	<u>\$214,748,790</u>

NOTES TO FINANCIAL STATEMENTS, Continued

The following schedule is a summary of the Proprietary Fund's fixed assets at September 30, 1992:

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Totals (Memorandum Only)</u>
Buildings	\$170,740,829		\$170,740,829
Improvements	186,944,964	\$ 28,991	186,973,955
Equipment and furniture	819,124	1,586,838	2,405,962
Motor vehicles	16,387,553	10,699,877	27,087,430
Other	<u>2,746,352</u>	<u>2,455,417</u>	<u>5,201,769</u>
	377,638,822	14,771,123	392,409,945
Less: Accumulated depreciation	<u>(79,382,418)</u>	<u>(6,026,013)</u>	<u>(85,408,431)</u>
	298,256,404	8,745,110	307,001,514
Land	1,500,188		1,500,188
Construction in process	<u>460,729</u>		<u>460,729</u>
	<u>\$300,217,321</u>	<u>\$ 8,745,110</u>	<u>\$308,962,431</u>

6. LEASE OBLIGATIONS

A. Operating Leases

The Commission has entered into lease agreements for various equipment on an annual basis. These leases are appropriately accounted for as operating leases. Rent expenditures/expense for fiscal year 1992 is \$1,346,479.

B. Capital Leases

The Commission leases various assets under capital leases. The assets were capitalized at the present value of future minimum lease payments. These assets are as follows:

	<u>Enterprise</u>	<u>Internal Service</u>	<u>General Fixed Asset Group</u>
Equipment lease	<u>\$1,929,100</u>	<u>\$1,242,380</u>	<u>\$218,684</u>

Future minimum lease payments under capital leases at September 30, 1992 are as follows:

<u>Fiscal Year</u>	<u>Enterprise</u>	<u>Internal Service</u>	<u>General Long- Term Debt Account Group</u>	<u>Total</u>
1993	\$194,697	\$354,130	\$12,916	\$561,743
1994	14,349	84,842		99,191
1995	<u> </u>	<u>6,501</u>	<u> </u>	<u>6,501</u>
Total	209,046	445,473	12,916	667,435
Less interest payments	<u>8,353</u>	<u>35,225</u>	<u>144</u>	<u>43,722</u>
Present value	<u>\$200,693</u>	<u>\$410,248</u>	<u>\$12,772</u>	<u>\$623,713</u>

NOTES TO FINANCIAL STATEMENTS, Continued

C. Leveraged Leases

The County is lessor in a leveraged lease agreement under which certain public school facilities are leased to the Board of Education of Jefferson County ("the Board"). The term of the lease agreement began on September 1, 1992 and continues until October 1, 2002. The County had no equity investment in the school facilities as 100% of the purchase price of the school facilities were furnished by issuing Special Obligation School Warrants, Series 1992, in the aggregate principal amount of \$10,000,000.

The warrants provide no recourse against the County. Debt service on the warrants will be provided for by an irrevocable direct pay letter of credit with a bank issued pursuant to a credit agreement between the Board and the bank. The credit agreement contains a pledge and assignment of ad valorem tax proceeds of the Board as security with respect to the letter of credit.

The Warrants shall never constitute a personal liability or charge against the general credit of the County. The warrant holders do not have a mortgage on or security interest in the school facilities. The pledge of ad valorem tax proceeds pursuant to the credit agreement is for the sole benefit and security of the bank.

The lease agreement grants to the Board options to (1) terminate the lease after the warrants are fully paid for or provisions for payment have been made; and (2) purchase the school facilities for \$1 after all warrants have been paid or provisions for payment have been made.

7. COUNTY APPROPRIATION AGREEMENT

During the 1989 fiscal year, the Authority issued \$132,380,000 principal amount of Capital Outlay Bonds. The bonds are limited obligations of the Authority, payable solely out of certain tax proceeds to be received by the Authority pursuant to the separate Pledge and Appropriation Agreements between the City and the Authority and between the County and the Authority.

The County levies a special privilege or license tax (in the County Occupational Tax) at the rate of one-half of one percent of the gross receipts of each person following a vocation, occupation, calling, or profession within the County. In the County Appropriation Agreement, the County agreed to pay the Authority, from proceeds of the County Occupational Tax, the first \$10,000,000 collected in 1989 and in each year thereafter until and including 2008.

8. CONTINGENT LIABILITIES

Under the provisions of Section 36-22-60 of the Code of Alabama 1975, the Jefferson County Sheriff is eligible to become a supernumerary sheriff upon retirement after sixteen years of

NOTES TO FINANCIAL STATEMENTS, Continued

service credit as a law enforcement officer, twelve of which as a sheriff, and who has reached the age of fifty-five years. The Jefferson County Sheriff, who has elected to participate in this retirement plan, makes monthly contributions out of his salary as required by law. Should the Sheriff decide to withdraw from the plan for whatever reason, the County is obligated to refund the total amount he has contributed toward his retirement. At September 30, 1992, the Sheriff's contributions totaled \$52,800.

9. POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 15, the County provides post employment health care benefits, in accordance with a resolution approved by the Commission on September 25, 1990, to employees who meet the following eligibility requirements. Employees must: (1) have been covered by the County group health care plan at the time of retirement; (2) immediately upon retirement begin receiving a retirement pension under the rules and regulations of the GRS and the amount of the pension must be sufficient to cover the required retiree contributions; (3) be under 65 years of age; and (4) not be eligible for Medicare. On September 22, 1992, the County adopted a resolution to allow those retirees who are not eligible to receive a retirement pension to participate in the health plan by prepaying to the County the semi-annual premium for the retiree contributions.

Dependents can be covered under an eligible retiree's family plan if the dependents: (1) meet the definition of "Who can be covered" in each option's contract; (2) are under 65 years of age; and (3) are not eligible for Medicare.

Coverage ends for retirees and dependents when they become eligible for Medicare or reach age 65. When a retiree with dependent coverage becomes ineligible, the dependent(s) may continue coverage under the GRS until they reach age 65 or become eligible for Medicare.

Currently 149 retirees meet eligibility requirements. The County subsidizes a portion of the retirees health care insurance premiums based on the total years of County service and age at retirement. The County's subsidy for each covered retired employee ranges from \$7 to \$331 per month and total insurance premiums range from \$125 to \$382. Expenditures for postretirement health care benefits are made and recognized as premiums are paid. During the year, expenditures of \$222,270 were recognized for postretirement health benefits.

10. INTEREST REBATE LIABILITY

Under the 1986 Tax Reform Act, government entities that issue tax exempt bonds and warrants are subject to rebate excess net interest earnings on deposits of bonds and warrant proceeds. Net interest earnings consist of interest income on proceeds less interest payments to bondholders under debt service requirements.

NOTES TO FINANCIAL STATEMENTS, Continued

The interest rebate is reviewed over a five (5) year period, at which time the actual interest rebate, if any, will be paid to the Internal Revenue Service (IRS). Because of possible changes in interest rates in future years, the current estimate of interest rebate liability may change and, accordingly, the actual rebate due the IRS is uncertain. The interest rebate liability at September 30, 1992 is estimated as follows:

1988 General Obligation Warrants	\$282,390
1988 Sewer Revenue Warrants	<u>230,006</u>
Total	<u>\$512,396</u>

11. LONG-TERM DEBT

The County issues general obligation warrants to provide for the acquisition and construction of major capital facilities. The warrants have been issued for both general government and proprietary activities. General obligation warrants issued for general government purposes are reported in the General Long-Term Debt Account Group. General obligation warrants are direct obligations of the County, and the County pledges its full faith and credit.

On July 29, 1992 the County issued \$37,261,838 General Obligation Warrants, Series 1992. The warrants were issued for the purpose of refunding a portion of the County's General Obligation Tax Pledge Warrants, 1985 Series B, that matures subsequent to April 1, 1997, and refunding substantially all of the principal and interest maturing and becoming due with respect to the General Obligation Warrants, Series 1990, on each of the debt service payment dates from April 1, 1998 through April 1, 2000, and for the purchase of various items of equipment.

Simultaneously with the issuance of the warrants, \$33,576,670 from the principal proceeds were placed in an irrevocable trust fund to provide for the payment, when due, of the interest on the Refunded 1985 Series B Warrants until April 1, 1995, for the redemption on April 1, 1995 of the entire principal on the Refunded 1985 Series B Warrants, and for the payment on each April 1 and October 1 from April 1, 1998 through April 1, 2000 of the debt service with respect to the Series 1990 Warrants that becomes due and payable on each of such dates. As a result, the 1985 Series B Warrants are considered defeased and the liability for those warrants has been removed from the general long-term debt account group. The Series 1990 Warrants are not considered defeased because the escrowed funds only provide partial payment of the debt service requirements for the Series 1990 Warrants.

The County advance refunded the 1985 Series B Warrants and the Series 1990 Warrants to receive cash proceeds of \$2,737,933 and reduce its total debt service payments over the next 18 years by \$35,073, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,758,175.

NOTES TO FINANCIAL STATEMENTS, Continued

The General Obligation Warrants, Series 1992, are made up of Current Interest Warrants and Capital Appreciation Warrants. The Current Interest Warrants, in the principal amount of \$8,355,000 are dated July 1, 1992 and bear interest at rates ranging from 3% to 5.55%. Interest is payable semiannually on October 1 and April 1 of each year and the warrants mature and principal becomes payable in the years 1993, 2001 and 2002. The Capital Appreciation Warrants, in the principal amount of \$28,906,838 are dated July 19, 1992 and bear interest at rates ranging from 5.45% to 6.35%. Interest is payable at maturity or at earlier redemption and the warrants mature annually on April 1, 1998 through 2007, except that no warrants mature in 2002.

Sewer Revenue Warrants - In anticipation of the issuance of Sewer Revenue Warrants, Series 1992 and borrowings from the Alabama Water Pollution Control Authority (both hereinafter described), on March 2, 1992 the County issued \$43,000,000 principal amount Short-Term Sewer Warrants, Series 1992 ("the Original Short-Term Warrants"), to reimburse itself for certain sanitary sewer project costs previously expended out of sanitary sewer funds accumulated from prior years' operating surplus. The Short-Term Sewer Warrants had an interest rate of 4.07% and principal on the warrants mature September 1, 1992.

On August 31, 1992, the County borrowed \$58,340,000 from the Alabama Water Pollution Control Authority by issuing a Sewer Revenue Warrant in such principal amount and with an interest rate of 4.05%. Interest is payable semiannually on February 15 and August 15 of each year, beginning February 15, 1993. The principal of the Sewer Revenue Warrant is payable in annual installments in the years 1994 through 2015. The Sewer Revenue Warrant is payable solely from the revenues derived by the County from the operation of the sanitary sewer system and is collateralized by a pledge of such revenues that is subject and subordinate to the pledge and related agreements made in the Indenture to secure the payment of the Series 1988 Warrants, the Series 1992 Warrants and any additional obligations hereinafter issued as parity securities under the Indenture.

Simultaneously with the issuance of the Sewer Revenue Warrant, proceeds thereof in the amount of \$29,000,000 were applied to retire a portion of the principal of the Original Short-Term Warrants, which matured on September 1, 1992. The remaining balance of the Sewer Revenue Warrant was available to the County to pay capital costs of sewer projects and to pay the County's share of costs related to the issuance of debt of the Alabama Water Pollution Control Authority. At the same time, the County issued \$14,000,000 principal amount Short-Term Sewer Warrants, Series 1992-A, dated August 31, 1992 (the Outstanding Short-Term Warrants) and immediately applied the proceeds thereof to pay the outstanding balance of the principal (\$14,000,000) of the Original Short-Term Warrants. The outstanding Short-Term Warrants bear interest at 3.10% per annum and mature on December 1, 1992, at which time principal and interest are due.

NOTES TO FINANCIAL STATEMENTS, Continued

Series 1992 Sewer Revenue Warrants – On September 17, 1992, the County issued \$53,880,000 Sewer Revenue Warrants, Series 1992 (the "Series 1992 Warrants") to finance improvements to the County's sanitary sewer system and permanently finance the \$14,000,000 of sewer project costs represented by the 1992-A Short Term Sewer Warrants. Interest rates on the Series 1992 Warrants range between 2.75% and 6.00%, and interest is payable semiannually on March 1 and September 1 beginning March 1, 1993. Principal payments are due annually on September 1, 1993 through September 1, 2007. The Series 1992 Warrants were issued as additional parity warrants under a Trust Indenture dated November 15, 1988 and supplemented and amended on September 1, 1992 and will be limited obligations of the County, payable solely out of the revenues derived from the operation of the County's sanitary sewer system. The County has heretofore issued under the Trust Indenture its \$76,540,000 principal amount of Sewer Revenue Warrants, Series 1988 (the "Series 1988 Warrants") of which \$45,290,000 in aggregate principal amount are now outstanding. The payment of Series 1988 Warrants is secured on a parity with the Series 1992 Warrants by a pledge of the aforementioned sanitary sewer revenues.

The following schedule shows debt service to maturity for the County's general obligation warrants and revenue warrants outstanding at September 30, 1992:

Description	Total	1993	1994	1995	1996	1997	1998 & After
<u>General Long-Term Debt</u>							
1985 Series B tax pledge warrants	\$ 19,865,004	\$ 4,719,991	\$ 4,364,907	\$ 3,947,203	\$ 3,589,016	\$ 3,243,887	\$ 24,223,980
1988 G.O. warrants	33,807,130		252,029	2,117,288	3,750,797	3,463,078	25,980,000
1989 G.O. warrants	30,700,000		1,065,000	1,135,000	1,220,000	1,310,000	32,995,000
1990 G.O. warrants	38,755,000		1,315,000	1,395,000	1,480,000	1,570,000	37,405,000
1992 G.O. warrants	37,551,126	146,126					
	<u>180,668,260</u>	<u>4,866,117</u>	<u>6,976,936</u>	<u>6,594,469</u>	<u>10,039,813</u>	<u>9,586,965</u>	<u>120,603,980</u>
<u>Sewer Warrants</u>							
Principal requirements:							
1964 sanitary sewer	200,000	100,000	100,000				36,005,000
1988 sewer	45,290,000	1,630,000	1,730,000	1,850,000	1,970,000	2,105,000	49,925,000
1992 sewer	53,880,000	735,000	765,000	780,000	820,000	855,000	52,880,000
1992 AWPCA sewer	58,340,000		805,000	820,000	1,880,000	1,855,000	
1992 A.S.T. sewer	14,000,000	14,000,000					
	<u>171,710,000</u>	<u>16,465,000</u>	<u>3,400,000</u>	<u>3,450,000</u>	<u>4,670,000</u>	<u>4,915,000</u>	<u>138,810,000</u>
<u>Interest Requirements</u>							
<u>General Long-Term Debt</u>							
1985 Series B tax pledge warrants	4,309,997	130,010	485,093	882,797	1,240,984	1,571,113	22,323,916
1988 G.O. warrants	26,058,246	172,500	200,471	585,234	1,251,703	1,524,422	12,045,423
1989 G.O. warrants	22,124,781	2,160,108	2,117,907	2,030,308	1,936,107	1,834,908	16,898,001
1990 G.O. warrants	29,271,224	2,609,841	2,670,391	2,488,394	2,399,868	2,304,631	22,418,107
1992 G.O. warrants	24,681,131	453,444	452,395	452,395	452,395	452,395	
	<u>106,445,359</u>	<u>5,525,903</u>	<u>6,826,257</u>	<u>6,439,128</u>	<u>7,281,155</u>	<u>7,687,469</u>	<u>73,685,447</u>
<u>Sewer Warrants</u>							
1964 sanitary sewer	2,000	1,950	50				18,084,880
1988 sewer	33,391,555	3,290,975	3,185,025	3,070,845	2,946,895	2,812,935	36,418,075
1992 sewer	51,756,798	3,120,628	3,100,415	3,073,640	3,040,880	3,003,160	21,590,144
1992 AWPCA sewer	32,954,614	2,264,321	2,346,469	2,313,563	2,258,888	2,181,229	
1992 A.S.T. sewer	110,911	110,911					
	<u>118,216,078</u>	<u>8,788,786</u>	<u>8,631,959</u>	<u>8,458,048</u>	<u>8,246,663</u>	<u>7,997,324</u>	<u>76,093,099</u>
Total debt service	\$557,039,497	\$35,645,805	\$24,835,162	\$28,941,645	\$30,237,631	\$30,186,758	\$409,192,506

NOTES TO FINANCIAL STATEMENTS, Continued

12. ADVANCE REFUNDING

During the current fiscal year and in prior years, the County defeased certain general obligation and revenue warrants by placing the proceeds of the new warrants in an irrevocable trust to provide for all future debt service payments on the old warrants. Accordingly, the trust account assets and the liability for the defeased warrants are not included in the County's financial statements. The following outstanding warrants are considered defeased:

1977 Sewer Warrants	\$ 7,785,000
1978 Sewer Refunding Warrants	15,530,000
1984 Series A G.O. Tax Pledge Warrants	27,990,000
1984 Series B G.O. Tax Pledge Warrants	14,658,495
1985 Series B G.O. Warrants	<u>15,182,726</u>
	<u>\$81,146,221</u>

13. CHANGES IN LONG-TERM OBLIGATIONS

During the year ended September 30, 1992, the following changes occurred in obligations reported in the General Long-Term Debt Account Group and Proprietary Funds:

General Long-Term Debt Account Group

	Balance <u>9/30/91</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/92</u>
Bonds and warrants payable	\$198,504,999	\$37,261,838	\$26,616,837	\$209,150,000
Capital lease obligations	61,758		48,986	12,772
Accrued vacation and sick leave	<u>4,885,604</u>	<u>776,872</u>	_____	<u>5,662,476</u>
	<u>\$203,452,361</u>	<u>\$ 38,038,710</u>	<u>\$26,665,823</u>	<u>\$214,825,248</u>

Proprietary Funds

	Balance <u>9/30/91</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>9/30/92</u>
Bonds and warrants payable	\$74,575,000	\$169,220,000	\$72,085,000	\$171,710,000
Capital lease obligations	1,261,620	230,107	880,786	610,941
Accrued vacation and sick leave	3,761,938	801,745	_____	4,563,683
Arbitrage rebate payable	<u>414,350</u>	<u>98,046</u>	_____	<u>512,396</u>
	<u>\$80,012,908</u>	<u>\$170,349,898</u>	<u>\$72,965,786</u>	<u>\$177,397,020</u>

NOTES TO FINANCIAL STATEMENTS, Continued

14. INTERFUND RECEIVABLES AND PAYABLES

The following is a detailed listing of interfund receivables and payables shown on the combined balance sheet:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$170,000	
Enterprise Fund:		
Landfill Operations	61,200	\$ 5,490
Sanitary Operations	5,490	61,200
Cooper Green Hospital	<u> </u>	<u>170,000</u>
	<u>\$236,690</u>	<u>\$236,690</u>

15. DEFINED BENEFIT PENSION PLAN

A. **Plan Description**

The GRS is the administrator of a single-employer, defined benefit pension plan (the Plan) covering substantially all employees of the County. The Plan was established by Act 497 of the Regular Session of the Alabama legislature and provides guidelines for benefits to retired and disabled employees of the County.

Plan membership is mandatory for all regular County civil service employees upon commencement of employment if not covered by another retirement plan established by Alabama law. All remaining employees, excluding temporary or part-time employees who are ineligible, may make an irrevocable election to participate. At September 30, 1992 and 1991, membership in the plan consisted of the following:

	<u>1992</u>	<u>1991</u>
<u>Current Active Members:</u>		
Vested members	1,263	1,246
Nonvested members	<u>2,230</u>	<u>2,194</u>
Total current active members	3,493	3,440
Retirees and beneficiaries		
currently receiving benefits	653	620
Terminated employees electing		
deferred benefits	21	16

NOTES TO FINANCIAL STATEMENTS, Continued

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 thirty-six month period of employment, excluding overtime and longevity pay. Benefits are limited to a maximum of seventy percent of a member's basic average salary and vest after ten years of paid service. Upon member election, benefit payments may be received in a lump-sum distribution or in monthly payments over the remaining life of the member. Benefits may be received under the following conditions:

Normal Retirement – A member may retire regardless of age after completing thirty years of paid membership time with the County. Otherwise, the member must have attained age sixty with a minimum of ten years of paid service.

Early Retirement – A member may elect early retirement after completing thirty years of service with the County (or a municipality or agency subject to the County's civil service law), of which at least ten years are paid service time under the current Plan. Benefits for early retirement are reduced in accordance with age unless the member has reached age fifty-five and completed twenty years of paid service time.

Deferred Retirement – Members that have completed the minimum requirements for vesting (10 years of service credits with the County) have the right to defer pension benefits if employment with the County is terminated. The benefits are payable at age sixty and are computed using the pension law in effect at the time the member was terminated.

Disability Benefits – Disability benefits are available to all members regardless of age and accumulated service if injury is work related. Members are eligible for nonservice connected disability benefits if they have completed a minimum of ten years of paid service time. Disability benefits are computed at sixty percent of the monthly salary the member was receiving at the time disability occurred. If the member is partially disabled, the benefit is reduced according to the percent of disability.

Funding – The Plan is funded by payroll deductions equal to six percent of the participants' gross salaries, with the County contributing amounts equal to participant contributions. The Plan also receives from the County a percentage of the proceeds from the sale of pistol permits.

B. Summary Of Significant Accounting Policies And Plan Asset Matters

Basis Of Accounting – The accrual basis of accounting is followed in all material respects. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

NOTES TO FINANCIAL STATEMENTS, Continued

Investments – Equity securities are presented at cost, subject to adjustment for market declines that are determined to be other than temporary. Debt securities are presented at amortized cost as of the balance sheet date, with the discount and premium being amortized using the effective interest rate method, subject to adjustment for market declines determined to be other than temporary. Investment income is recognized as earned. Accrued interest purchased on the acquisition of debt securities is charged to investment income at date of acquisition. Gains and losses on sales and exchanges of securities are recognized on the transaction trade date. The Retirement System has agreements with various investment advisors who have authority to purchase and sell securities. The securities are held by various banks which serve as custodians. Federal insurance coverage is provided each participant to the maximum amount allowed by law. At September 30, 1992 and 1991, no single investments were held which were greater than five percent of net assets available for benefits.

Reserves For Contingent Refunds And Retirement And Disability Benefits – Contingent refunds represent all contributions made by members into the Plan until refunded or transferred to the reserve for retirement and disability benefits. Such transfers occur when benefit payments equal or exceed the amount of member contributions, or when a terminated employee has not requested a refund of his personal contributions within five years of termination.

C. Funding Status And Progress

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the funding status of the Plan on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems. The Retirement System does not use an actuarial funding method to determine contributions to the fund; rather, a fixed rate is deducted from gross wages and matched by the County as stipulated by law. Periodic actuarial studies are made as part of a valuation to determine if contributions are sufficient to meet the cost of benefits provided and the administration expense of the Retirement System.

The pension benefit obligation at September 30, 1992 and 1991 was determined based on the actuarial valuation as of September 30, 1992 and 1991, respectively. It was calculated on a projected benefit method, using a rate of return of 7% and taking into account projected salary increases.

NOTES TO FINANCIAL STATEMENTS, Continued

At September 30, 1992 and 1991, the assets in excess of pension benefit obligation were \$61.2 and \$45.4 million, respectively, as follows:

	(In Millions)	
	<u>1992</u>	<u>1991</u>
Pension benefit obligation:		
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$ 51.6	\$ 45.0
Current employees:		
Accumulated employee contributions	33.6	33.1
Other vested benefits	36.9	35.2
Nonvested benefits	<u>71.5</u>	<u>65.5</u>
Total pension benefit obligation	<u>193.6</u>	<u>178.8</u>
Net assets available for benefits, actuarial:		
Value (market value of \$275.4 and \$249.5 in 1992 and 1991, respectively)	254.8	224.2
Assets in excess of pension benefit obligation	<u>\$ 61.2</u>	<u>\$ 45.4</u>

D. Historical Trend Information

Historical trend information designed to provide information about the Retirement System's progress made in accumulating sufficient assets to pay benefits when due is as follows. As permitted by GASB 5 during the transition period when ten years of the standardized measure of the pension obligation is unavailable, the Analysis of Funding Progress is presented only for the years in which that measure is available.

Analysis of Funding Progress
(In Millions of Dollars)

Fiscal Year Ended Sept. 30	(1) Net Assets Available for Benefits *	(2) Pension Benefit Obligation	(3) Percentage Funded (1) / (2)	(4) Assets In Excess Of Pension Benefit Obligation (1) - (2)	(5) Annual Covered Payroll	(6) Assets In Excess Of Pension Benefit Obligation As A Percentage Of Covered Payroll (4) / (5)
1987	\$138.3	\$105.1	131.6%	\$33.2	\$62.0	64.0%
1988	158.3	123.6	128.0	34.7	62.6	66.0
1989	182.9	136.7	134.0	46.2	68.3	68.0
1990	205.3	161.7	129.0	43.6	77.7	66.0
1991	224.2	178.8	126.0	45.4	82.1	66.0
1992	254.8	193.6	132.0	61.2	86.8	71.0

* Actuarial Value

NOTES TO FINANCIAL STATEMENTS, Continued

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and assets in excess of pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the Plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the retirement system. Trends in assets in excess of pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the retirement system.

16. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of a general creditor of the County in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the County's legal counsel that the County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTES TO FINANCIAL STATEMENTS, Continued

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains five enterprise funds which provide hospital, nursing home, landfill, sanitary, and parking operations. Segment information for the County's five enterprise funds for 1992 are as follows:

	<u>Cooper Green Hospital</u>	<u>County Home</u>	<u>Landfill Operations</u>	<u>Sanitary Operations</u>	<u>Parking Deck</u>	<u>Total</u>
Operating revenues	\$48,145,086	\$9,901,726	\$6,685,435	\$34,678,970	\$177,587	\$99,588,804
Depreciation	\$1,474,045	\$60,509	\$271,824	\$4,820,179	\$636	\$6,627,193
Operating income (loss)	\$(14,585,925)	\$(4,883,152)	\$2,525,032	\$4,812,578	\$(17,439)	\$(12,148,906)
Operating shared revenues	\$19,890,090					\$19,890,090
Operating interfund transfer in (out)	\$13,107,177	\$5,559,261				\$18,666,438
Tax revenues				\$2,170,195		\$2,170,195
Net income (loss)	\$2,729,812	\$677,009	\$2,780,289	\$8,207,717	\$(9,318)	\$14,385,509
Fixed asset additions (deletions), net	\$(273,256)	\$14,117	\$497,426	\$345,262		\$583,549
Net working capital	\$(35,326)	\$288,626	\$5,672,196	\$94,154,892	\$126,094	\$100,206,482
Total assets	\$19,780,281	\$1,393,118	\$6,935,678	\$406,328,493	\$136,107	\$434,573,677
Bonds and other material long-term liabilities outstanding				\$155,245,000		\$155,245,000
Total equity	\$13,406,780	\$695,257	\$6,709,797	\$227,402,739	\$126,094	\$248,340,667

18. ADJUSTMENT TO PRIOR YEAR FINANCIAL STATEMENTS

Debt Service Fund – In the prior year, the arbitrage rebate liability was overstated by \$437,767, interest payable for the 1990 General Obligation Warrants was overstated by \$2,174,868, other interest payable was understated by \$1,306,460 and accounts payable was understated by \$1,080,054. Accordingly, the prior year financial statements have been adjusted to reflect the correct balances in these accounts. The effect of the adjustment is to decrease the interest rebate liability and interest payable and increase accounts payable by the amounts of the misstatements. Fund balance was increased by \$226,161 as a result of the adjustments.

Enterprise Fund (Sanitary Operations Fund) – In the prior year, accumulated depreciation was understated by \$3,446,653. Accordingly, the prior year financial statements have been adjusted to reflect the correct balance in this account. The effect of the adjustment is to increase accumulated depreciation and decrease fund balance for the amount of the misstatement.

Internal Service Fund (Equipment Acquisition Fund) – In the prior year, property, plant, and equipment was overstated by \$1,924,678. Accordingly, the prior year financial statements have been adjusted to reflect the correct balance in this account. The effect of the adjustment is to decrease property, plant, and equipment and decrease fund balance by the amount of the misstatement.

NOTES TO FINANCIAL STATEMENTS, Continued

19. SUBSEQUENT EVENTS

On April 28, 1993, the County issued \$46,005,000 Sewer Revenue Warrants, Series 1993 (the 1993 Sewer Warrants), dated March 1, 1993 with interest rates ranging from 2.6% to 5.6% and payable on each March 1 and September 1, beginning September 1, 1993, to refund those of the Series 1988 Sewer Revenue Warrants that mature on September 1, in the years 1996 through 2008 (the 1988 Refunded Warrants). The principal amount of the 1988 Sewer Revenue Warrants presently outstanding is \$45,290,000. The Series 1988 Sewer Revenue Warrants which mature in years 1993, 1994 and 1995 (which warrants have an aggregate principal amount of \$5,210,000) are not refunded.

The County had heretofore established an irrevocable trust fund that will provide payment, when due, of the principal and interest on the Series 1988 Sewer Revenue Warrants that mature after September 1, 2008. Simultaneously with the issuance of the 1993 Warrants, the County entered into an Escrow Trust Agreement with a local bank which required the County to deposit substantially all of the principal proceeds from the sale of the 1993 Warrants in an Escrow Fund, which fund was established for the benefit of the holders of the 1988 Refunded Warrants. Moneys in the Escrow Fund will be applied (1) for payment, when due, of the principal of the Series 1988 Sewer Revenue Warrants that mature on September 1, in the years 1996 through 1998, (2) for the redemption on September 1, 1998, of all of the Refunded Series 1988 Warrants that mature after such date, at a redemption price of 102% and (3) for payment of interest on the 1988 Refunded Warrants until maturity or redemption.

The County advance refunded the Series 1988 Refunded Warrants to reduce its total debt service payments by \$1,647,761 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,223,354.

On August 24, 1993, the County issued \$64,940,000 General Obligation Refunding Warrants, Series 1993 (the 1993 G.O. Warrants), dated August 1, 1993 with interest rates ranging from 2.60% to 5.375% and payable on each April 1 and October 1, beginning April 1, 1994. The warrants were issued to refund a portion of three outstanding series of general obligations warrants of the County.

The County has heretofore issued (a) its General Obligation Warrants, Series 1988 (the Series 1988 Warrants), which were outstanding in the aggregate principal amount of \$35,736,276 (treating as principal the accreted values as of August 1, 1993, of those of said warrants issued as capital appreciation warrants), (b) its General Obligation Warrants, Series 1989 (the Series 1989 Warrants), which were outstanding in the aggregate principal amount of \$30,700,000, and (c) its General Obligation Warrants, Series 1990 (the Series 1990 Warrants), which were outstanding in the aggregate principal amount of \$38,755,000.

NOTES TO FINANCIAL STATEMENTS, Continued

The Warrants will be issued for the purposes of (1) refunding those of the Series 1988 Warrants that mature subsequent to April 1, 2000 (such warrants being herein called the "Refunded Series 1988 Warrants"), (2) refunding those of the Series 1989 Warrants that mature subsequent to April 1, 1999 (such warrants being herein called the "Refunded Series 1989 Warrants"), and (3) refunding those of the Series 1990 Warrants that mature subsequent to April 1, 2004 (such warrants being herein called the "Refunded Series 1990 Warrants"). Simultaneously with the issuance and delivery of the Warrants, the County and a local bank entered into an Escrow Trust Agreement which required the County to deposit in an Escrow Fund substantially all of the principal proceeds from the sale of the 1993 G.O. Warrants. The Escrow Fund was established for the benefit of the holders of the Refunded Series 1988 Warrants, the Refunded Series 1989 Warrants and the Refunded Series 1990 Warrants (together, the "Refunded Warrants"). Moneys in such escrow fund will be applied (A) for the payment, when due, of the interest on the Refunded Warrants (except for certain interest on the Refunded Series 1990 Warrants that will be paid from an escrow fund heretofore established) until their respective redemption dates, (B) for the redemption on April 1, 1998, of all of the Refunded Series 1988 Warrants, (C) for the redemption on April 1, 1999, of all of the Refunded Series 1989 Warrants, and (D) for the redemption on October 1, 2000, of all of the Refunded Series 1990 Warrants.

The County advance refunded the Refunded Warrants to reduce its total debt service payments by \$4,851,499 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,092,637.

20. DISCONTINUED OPERATIONS

In prior years, the County operated a cafeteria and accounted for these operations in the Cafeteria Fund which was included in the Enterprise Fund. At the beginning of 1992, the County discontinued cafeteria operations and transferred the balances in the Cafeteria Fund to the Building Services Fund which is included in the Internal Service Fund. No gain or loss has been recognized on the discontinuance of the cafeteria operations.

SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY COMMISSION

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1992

	Indigent Care Fund	Road Fund	Senior Citizens' Activities Fund	Bridge And Public Building Fund	Community Development Fund	Totals (Memorandum Only)	
						1992	1991
ASSETS							
Cash and cash equivalents	\$ 288,333	\$ 91,070		\$ 375,459	\$ 26,589	\$ 781,451	\$ 380,613
Investments	987,585	336,501		1,389,600		2,713,686	2,635,548
Accounts receivable, net	61,830	1,900				63,730	3,194,565
Loans receivable					1,727,644	1,727,644	1,855,342
Interest receivable					12,735	12,735	13,305
Due from other governmental units	2,124,790	1,208,699	\$459,870	133,261	365,427	4,292,047	1,220,842
Inventories		978,803				978,803	996,025
Total assets	\$3,462,538	\$2,616,973	\$459,870	\$1,898,320	\$2,132,395	\$10,570,096	\$10,296,240
LIABILITIES							
Cash deficit			\$ 71,370		\$ 296,125	\$ 367,495	\$ 865,853
Accounts payable	\$ 356,969	\$2,053,521	117,066	\$ 270,838	268,899	3,067,293	1,478,306
Due to other funds							292
Due to other governmental units							1,288,126
Accrued vacation and sick leave		155,891	4,658		5,179	165,728	273,339
Total liabilities	356,969	2,209,412	193,094	270,838	570,203	3,600,516	3,905,716
FUND EQUITY							
Fund balances (deficit):							
Reserve for:							
Encumbrances		137,282			634	137,916	313,057
Inventories		978,803				978,803	996,025
Petty cash		150	50			200	200
Undesignated	3,105,569	(708,674)	266,726	1,627,482	1,561,558	5,852,661	5,081,242
Total fund equity	3,105,569	407,561	266,776	1,627,482	1,562,192	6,969,580	6,390,524
Total liabilities and fund equity	\$3,462,538	\$2,616,973	\$459,870	\$1,898,320	\$2,132,395	\$10,570,096	\$10,296,240

JEFFERSON COUNTY COMMISSION

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

	<u>Indigent Care Fund</u>	<u>Road Fund</u>	<u>Senior Citizens' Activities Fund</u>	<u>Bridge And Public Building Fund</u>	<u>Community Development Fund</u>	<u>Totals (Memorandum Only)</u>	
						<u>1992</u>	<u>1991</u>
REVENUES							
Taxes	\$ 25,363,885	\$ 7,078,994		\$ 15,833,578		\$ 48,276,457	\$47,466,938
Licenses and permits		6,551				6,551	12,965
Intergovernmental revenues		7,061,245	\$2,981,601		\$3,057,097	13,099,943	13,004,740
Charges for services		2,326,537	92,307		11,240	2,430,084	1,538,773
Miscellaneous revenues	235,897	276,237	191,444	494,681		1,198,059	1,807,398
Total revenues	25,599,582	16,749,584	3,285,352	16,328,259	3,068,337	65,011,094	63,630,814
EXPENDITURES							
Current:							
General government	11,982,073	3,680,350	3,841,629		2,955,162	22,459,214	27,179,043
Highways and streets		22,873,284				22,873,284	29,245,607
Capital outlay		2,832,852	17,931		26,394	2,877,177	592,980
Debt service:							
Interest and fiscal charges							5,938
Total expenditures	11,982,073	29,386,486	3,859,560		2,981,556	48,209,675	57,023,588
Excess (deficiency) of revenues over (under) expenditures	13,617,509	(12,636,922)	(594,208)	16,328,259	86,781	16,801,419	6,607,246
OTHER FINANCING SOURCES (USES)							
Operating transfers in	4,249,997	13,583,882	1,060,312			18,894,191	33,286,934
Operating transfers out	(18,701,252)	(3,566)		(16,305,413)	(226,873)	(35,237,104)	(38,383,682)
Gain on sale of fixed assets		117,975	1,950		625	120,550	6,277
Total other financing sources (uses)	(14,451,255)	13,698,291	1,062,262	(16,305,413)	(226,248)	(16,222,363)	(5,090,471)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(833,746)	1,061,369	468,054	22,846	(139,467)	579,056	1,516,775
FUND BALANCE							
September 30, 1991	3,939,315	(653,808)	(201,278)	1,604,636	1,701,659	6,390,524	4,873,749
September 30, 1992	\$ 3,105,569	\$ 407,561	\$ 266,776	\$ 1,627,482	\$1,562,192	\$ 6,969,580	\$ 6,390,524

	Capital Improvements Fund	Road Construction Fund	Totals (Memorandum Only)	
			1992	1991
ASSETS				
Cash and cash equivalents	\$ 3,313,553	\$1,198,886	\$ 4,512,439	\$ 7,074,318
Investments	56,864,082	4,437,164	61,301,246	43,135,315
Accounts receivable	9,330		9,930	3,884
Interest receivable	1,753,919		1,753,919	
Total assets	\$61,940,884	\$5,636,050	\$67,576,934	\$50,213,517
LIABILITIES				
Accounts payable	\$884,939	\$246,256	\$1,131,195	\$1,392,688
Arbitrage rebate payable				158,838
Deferred revenues		87,180	87,180	1,000,000
Total liabilities	884,939	333,436	1,218,375	2,551,526
FUND EQUITY				
Fund balance:				
Reserve for encumbrances	8,216		8,216	1,108,777
Unreserved	61,047,729	5,302,614	66,350,343	46,553,214
Total fund balance	61,055,945	5,302,614	66,358,559	47,661,991
Total liabilities and fund balance	\$61,940,884	\$5,636,050	\$67,576,934	\$50,213,517

**CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

	<u>Capital Improvements Fund</u>	<u>Road Construction Fund</u>	<u>Totals (Memorandum Only)</u>	
			<u>1992</u>	<u>1991</u>
REVENUES				
Intergovernmental revenues		\$ 25,000	\$ 25,000	\$ 367,993
Charges for services	\$ 10,447	912,820	923,267	
Miscellaneous revenues	7,040,580	607,155	7,647,735	2,612,951
Total revenues	7,051,027	1,544,975	8,596,002	2,980,944
EXPENDITURES				
Current:				
General government	3,499,000		3,499,000	1,210,976
Highways and streets		5,757,681	5,757,681	9,148,581
Capital outlay	5,422,493		5,422,493	4,456,259
Total expenditures	8,921,493	5,757,681	14,679,174	14,815,816
Deficiency of revenues under expenditures	(1,870,466)	(4,212,706)	(6,083,172)	(11,834,872)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	24,867,457		24,867,457	6,634,184
Operating transfers out	(87,718)		(87,718)	(2,459,593)
Proceeds from general obligation bonds				38,943,489
Total other financing sources	24,779,739		24,779,739	43,118,080
Excess (deficiency) of reve- nues and other sources over (under) expenditures and other uses	22,909,273	(4,212,706)	18,696,567	31,283,208
FUND BALANCE				
September 30, 1991	38,146,672	9,515,320	47,661,992	16,378,783
September 30, 1992	\$61,055,945	\$ 5,302,614	\$66,358,559	\$ 47,661,991

	<u>Cooper Green Hospital Fund</u>	<u>County Home Fund</u>	<u>Landfill Operations Fund</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 690,499		\$1,218,941
Investments	23,938		4,511,386
Accounts receivable, net	6,529	\$ 203,529	106,550
Patient accounts receivable, net	4,116,248		
Due from contractual agencies	878,420		
Due from other funds			61,200
Due from other govern- mental units		559,344	
Inventories	582,898	223,614	
Prepaid expenses	39,643		
	<hr/>		
Total current assets	6,338,175	986,487	5,898,077
Warrant issue costs			
Fixed assets, net	13,442,106	406,631	1,037,601
	<hr/>		
Total assets	\$19,780,281	\$1,393,118	\$6,935,678
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LIABILITIES			
Current liabilities:			
Cash deficit		\$ 71,579	
Accounts payable – trade	\$ 2,388,388	167,358	\$ 10,428
Accounts payable – contractual			
Accounts payable – other	1,506,250		
Interest payable			
Accrued payroll and taxes	830,878		
Due to other funds	170,000		5,490
Retainage payable			
Accrued vacation and sick leave	1,277,292	458,924	209,963
Arbitrage rebate payable			
Current portion of bonds and warrants payable			
Current portion of capital lease obligations	200,693		
	<hr/>		
Total current liabilities	6,373,501	697,861	225,881
Long-term liabilities:			
Bonds and warrants payable			
	<hr/>		
Total liabilities	6,373,501	697,861	225,881
<hr/>			
FUND EQUITY			
Contributed capital		519,110	1,304,504
Retained earnings reserved for professional liability	727,853		
Unreserved	12,678,927	176,147	5,405,293
	<hr/>		
Total fund equity	13,406,780	695,257	6,709,797
	<hr/>		
Total liabilities and fund equity	\$19,780,281	\$1,393,118	\$6,935,678
	<hr/>		

Sanitary Operations Fund	Parking Deck Fund	Totals (Memorandum Only)	
		1992	1991
\$ 53,550,817	\$ 29,079	\$ 55,489,336	\$ 11,989,961
63,604,931	107,028	68,247,283	33,108,184
412,382		728,990	931,593
		4,116,248	5,764,509
5,490		878,420	4,680
		66,690	66,690
18,544		577,888	622
243,482		1,049,994	875,805
		39,643	87,257
117,835,646	136,107	131,194,492	52,829,301
3,161,864		3,161,864	
285,330,983		300,217,321	260,885,652
<u>\$406,328,493</u>	<u>\$136,107</u>	<u>\$434,573,677</u>	<u>\$313,714,953</u>
\$ 4,624,641	\$ 7,253	\$ 71,579	\$ 219,143
		7,198,068	5,429,431
251,384		1,506,250	2,005,197
		251,384	1,413,176
61,200		830,878	706,315
823,000		236,690	66,690
1,225,523	2,760	823,000	
230,006		3,174,462	2,486,658
		230,006	66,094
16,465,000		16,465,000	1,095,000
		200,693	780,355
23,680,754	10,013	30,988,010	14,268,059
155,245,000		155,245,000	73,480,000
178,925,754	10,013	186,233,010	87,748,059
173,197,785	160	175,021,559	165,579,665
		727,853	724,336
54,204,954	125,934	72,591,255	59,662,893
227,402,739	126,094	248,340,667	225,966,894
<u>\$406,328,493</u>	<u>\$136,107</u>	<u>\$434,573,677</u>	<u>\$313,714,953</u>

ENTERPRISE FUNDS
**COMBINING STATEMENT OF REVENUES,
 EXPENSES, AND CHANGES IN RETAINED EARNINGS**
 SEPTEMBER 30, 1992

	<u>Cooper Green Hospital Fund</u>	<u>County Home Fund</u>	<u>Landfill Operations Fund</u>
OPERATING REVENUES			
Taxes			
Licenses and permits			
Charges for services		\$ 9,849,301	\$6,685,435
Miscellaneous services	\$ 1,809	52,425	
Net patient revenue	28,253,187		
Medicaid disproportionate share revenue	19,890,090		
Total operating revenues	48,145,086	9,901,726	6,685,435
OPERATING EXPENSES			
Salaries and wages	20,696,486	8,048,378	1,380,442
Fringe benefits	2,751,866	1,797,108	225,814
Provision for bad debts	2,902,889		
Utilities	856,032	387,290	7,234
Depreciation	1,474,045	60,509	271,824
Outside services	3,165,601	1,099,505	48,736
Services from other hospitals	6,252,653		
Jefferson Clinic	8,414,292		
Other operating expenses	5,901,182		
Office expenses	1,586,742	526,955	616,611
Supplies	7,225,978	1,138,537	723,204
County maintenance			
Miscellaneous	1,503,245	1,726,596	886,538
Total operating expenses	62,731,011	14,784,878	4,160,403
Operating income (loss)	(14,585,925)	(4,883,152)	2,525,032
NONOPERATING REVENUES (EXPENSES)			
Miscellaneous revenues	4,326,663		41,787
Investment income			
Gain on sale of fixed assets	527	900	6,750
Interest income	88,680		206,720
Interest expense	(207,310)		
Income (loss) before operating transfers	(10,377,365)	(4,882,252)	2,780,289
Operating transfers in	13,107,177	5,559,261	
Operating transfers out			
Net income (loss)	2,729,812	677,009	2,780,289
RETAINED EARNINGS			
September 30, 1991 (as restated)	10,676,968	(500,862)	2,625,004
September 30, 1992	\$ 13,406,780	\$ 176,147	\$5,405,293

Sanitary Operations Fund	Parking Deck Fund	Totals (Memorandum Only)	
		1992	1991
\$ 2,170,195		\$ 2,170,195	\$ 2,201,219
9,349		9,349	6,676
32,499,426	\$177,587	49,211,749	42,051,534
		54,234	29,991
		28,253,187	22,155,072
		19,890,090	29,603,804
34,678,970	177,587	99,588,804	96,048,296
9,694,074	21,648	39,841,028	38,553,189
1,840,904	2,620	6,618,312	8,521,518
		2,902,889	2,934,860
2,842,689	32,005	4,125,250	4,601,510
4,820,179	636	6,627,193	9,978,059
1,435,605		5,749,447	7,186,776
		6,252,653	3,195,064
		8,414,292	
		5,901,182	6,186,066
2,365,430	103,402	5,199,140	2,370,646
950,738	30,016	10,068,473	8,828,688
			2,899,779
5,916,773	4,699	10,037,851	3,218,803
29,866,392	195,026	111,737,710	98,474,958
4,812,578	(17,439)	(12,148,906)	(2,426,662)
64,003		4,432,453	63,918
1,317,843		1,317,843	
22,125		30,302	22,112
3,024,160	8,121	3,327,681	6,032,399
(1,032,992)		(1,240,302)	(5,398,537)
8,207,717	(9,318)	(4,280,929)	(1,706,770)
		18,666,438	1,320,974
8,207,717	(9,318)	14,385,509	(385,796)
45,997,237	135,252	58,933,599	59,319,395
\$54,204,954	\$125,934	\$ 73,319,108	\$ 58,933,599

**ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

	<u>Cooper Green Hospital Fund</u>	<u>County Home Fund</u>	<u>Landfill Operations Fund</u>
Cash flows from operating activities:			
Cash received from customers	\$ 27,145,002	\$ 9,138,853	\$ 7,270,030
Cash payments to suppliers for goods and services	(39,590,569)	(4,917,548)	(2,302,048)
Cash payments to employees for services	(22,756,579)	(9,824,415)	(1,597,561)
Other operating revenues	1,809		
Cash received from Medicaid	19,016,351		
Net cash provided by (used in) operating activities	(16,183,986)	(5,603,110)	3,370,421
Cash flows from noncapital financing activities:			
Operating transfers in (out)	13,107,177	5,559,261	
Receipts from other funds	170,000		
Increase (decrease) in cash deficit	(218,119)	70,568	
Net cash provided by (used in) noncapital financing activities	13,059,058	5,629,829	
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(16,987)		(399,500)
Capital contributed by government	1,261,920	(26,719)	
Principal paid on warrants/leases			
Proceeds from sale of fixed assets	1,516,194		6,750
Proceeds from issuance of debt			
Interest paid on warrants/leases	(207,314)		
Net cash provided by (used in) capital and related financing activities	2,553,813	(26,719)	(392,750)
Cash flows from investing activities:			
Interest received on investments	88,680		248,507
Purchase of investment securities			(2,323,239)
Proceeds from sale of investment securities	1,172,934		
Net cash provided by (used in) investing activities	1,261,614		(2,074,732)
Net increase (decrease) in cash and cash equivalents	690,499	-0-	902,939
Cash and cash equivalents, beginning of year	-0-	-0-	316,002
Cash and cash equivalents, end of year	\$ 690,499	\$ -0-	\$ 1,218,941

Sanitary Operations Fund	Parking Deck Fund	Totals (Memorandum Only)	
		1992	1991
\$ 31,334,461	\$ 177,587	\$ 75,065,933	\$ 59,905,824
(12,138,720)	(185,515)	(59,134,400)	(40,650,123)
(10,774,454)	(22,696)	(44,975,705)	(44,353,452)
2,161,659		2,163,468	2,237,886
		19,016,351	29,603,805
10,582,946	(30,624)	(7,864,353)	6,743,940
		18,666,438	1,320,974
		170,000	
		(147,551)	219,453
		18,688,887	1,540,117
(32,289,509)		(32,705,996)	(30,743,075)
		1,235,201	6,547,376
			(1,040,000)
22,125	4,137	1,549,206	349,162
94,224,520		94,224,520	
(1,032,992)		(1,240,306)	(5,398,537)
60,924,144	4,137	63,062,625	(30,285,074)
3,088,163	8,122	3,433,472	6,055,897
(31,424,326)		(33,747,565)	
	27,811	1,200,745	10,856,885
(28,336,163)	35,933	(29,113,348)	16,912,782
43,170,927	9,446	44,773,811	(5,088,235)
10,379,890	19,633	10,715,525	15,803,760
\$ 53,550,817	\$ 29,079	\$55,489,336	\$ 10,715,525

ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 1992

	<u>Cooper Green Hospital Fund</u>	<u>County Home Fund</u>	<u>Landfill Operations Fund</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income (loss)	\$(14,585,925)	\$(4,883,152)	\$2,525,032
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	1,474,045	60,509	271,824
Provision for doubtful accounts	2,902,889		
Adjustments for physical inventory	(4,288,941)		
Decrease in prepaid items	47,616		
(Increase) decrease in accounts receivable	(1,108,185)	(203,529)	584,595
Increase in contractual agencies receivables	(873,740)		
Increase in due from other governments		(559,344)	
(Increase) decrease in inventories	(10,752)	16,069	
Increase (decrease) in accounts payable – trade	1,479,357	(54,734)	(19,725)
Decrease in accounts payable – contractual	(2,005,197)		
Increase in accounts payable – other	93,073		
Increase in accrued payroll and taxes	124,563		
Increase (decrease) in compensated absences	567,211	21,071	8,695
Increase (decrease) in arbitrage rebate payable			
Total adjustments	(1,598,061)	(719,958)	845,389
Net cash provided by (used in) operating activities	<u>\$(16,183,986)</u>	<u>\$(5,603,110)</u>	<u>\$3,370,421</u>

During 1992, the County performed a physical inventory of property, plant, and equipment and adjusted the financial statements to reflect the results of the physical count. The following changes to property, plant, and equipment were made with a corresponding change to contributed capital or fund balance in the following funds:

<u>\$81,954</u>	<u>\$(18,523)</u>
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<u>Sanitary Operations Fund</u>	<u>Parking Deck Fund</u>	<u>Totals (Memorandum Only)</u>	
		<u>1992</u>	<u>1991</u>
\$ 4,812,578	\$ (17,439)	\$(12,148,906)	\$(2,426,662)
4,820,179	636	6,627,193	9,978,059
839,395		3,742,284	
		(4,288,941)	
		47,616	8,705
(1,164,965)		(1,892,084)	(1,365,921)
		(873,740)	
(17,922)		(577,266)	
(185,000)		(179,683)	164,604
385,639	(15,393)	1,775,144	579,116
		(2,005,197)	
823,000		916,073	
		124,563	151,362
106,130	1,572	704,679	(10,061)
163,912		163,912	(335,262)
<u>5,770,368</u>	<u>(13,185)</u>	<u>4,284,553</u>	<u>9,170,602</u>
<u>\$ 10,582,946</u>	<u>\$(30,624)</u>	<u>\$ (7,864,353)</u>	<u>\$ 6,743,940</u>
<u>\$36,790,516</u>	<u>\$(4,173)</u>	<u>\$36,849,774</u>	

**INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 1992**

	<u>Risk Management Fund</u>	<u>Personnel Board Fund</u>	<u>Elections Fund</u>	<u>Information Services Fund</u>	<u>Fleet Management Fund</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$1,305,485				
Investments	4,505,594				
Accounts receivable, net					
Due from other governmental units		\$ 29,964	\$ 106,197		\$ 1,693
Inventories					551,463
Total current assets	5,811,079	29,964	106,197		553,156
Fixed assets, net	17,231	245,995	167,864	\$1,144,686	897,193
Total assets	\$5,828,310	\$ 275,959	\$ 274,061	\$1,144,686	\$1,450,349
LIABILITIES					
Current liabilities:					
Cash deficit		\$2,037,397	\$2,462	\$44,065	\$289,080
Accounts payable	\$64,362	39,828	227,341	16,210	394,507
Deposits payable					
Accrued vacation and sick leave	32,867	129,819	23,150	256,786	248,654
Arbitrage rebate payable					
Capital lease obligations		23,498		386,750	
Total liabilities	97,029	2,230,542	252,953	703,811	932,241
FUND EQUITY					
Contributed capital	5,212	94,060	189,774	74,958	1,068,662
Retained earnings	5,726,069	(2,048,643)	(168,666)	365,917	(550,554)
Total fund equity	5,731,281	(1,954,583)	21,108	440,875	518,108
Total liabilities and fund equity	\$5,828,310	\$ 275,959	\$274,061	\$1,144,686	\$1,450,349

Central Laundry Fund	Printing Fund	Building Services Fund	Equipment Acquisition Fund	Totals (Memorandum Only)	
				1992	1991
\$ 107,355	\$ 2,388	\$ 187,035	\$ 3,254,988	\$ 4,857,251	\$ 4,928,507
397,328	8,837	691,492	2,391,064	7,994,315	4,683,815
		4,490		4,490	64,589
1,490	727	22,064		162,135	
16,859	75,082	362,341		1,005,745	893,735
523,032	87,034	1,267,422	5,646,052	14,023,936	10,570,646
541,458	14,256	377,339	5,339,088	8,745,110	20,169,227
\$1,064,490	\$101,290	\$1,644,761	\$10,985,140	\$22,769,046	\$30,739,873
				\$2,373,004	\$1,642,716
\$14,506	\$30,660	\$304,718	\$54,420	1,146,552	1,738,550
		3,264		3,264	3,010
59,808	15,836	622,501		1,389,221	1,275,280
			282,390	282,390	348,256
				410,248	480,932
74,314	46,496	930,483	336,810	5,604,679	5,488,744
442,984	91,584	369,056	8,903,696	11,239,986	19,291,249
547,192	(36,790)	345,222	1,744,634	5,924,381	5,959,880
990,176	54,794	714,278	10,648,330	17,164,367	25,251,129
\$1,064,490	\$101,290	\$1,644,761	\$10,985,140	\$22,769,046	\$30,739,873

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

	<u>Risk Management Fund</u>	<u>Personnel Board Fund</u>	<u>Elections Fund</u>	<u>Information Services Fund</u>	<u>Fleet Management Fund</u>
OPERATING REVENUES					
Intergovernmental revenues		\$ 1,599,117	\$ 205,503		
Charges for services	\$4,742,032			\$ 352,066	\$1,922,381
Miscellaneous revenues	1,341				7,364
Total operating revenues	4,743,373	1,599,117	205,503	352,066	1,929,745
OPERATING EXPENSES					
Salaries and wages	318,639	1,419,241	455,801	1,701,455	2,158,651
Fringe benefits	48,257	202,297	28,601	237,449	407,278
Utilities			20,905		60,902
Depreciation	1,609	35,687	24,985	89,339	33,965
Outside services	53,320	412,436	1,288	49,270	
Office expense	183,849	221,122	584,238	503,858	
Supplies	5,517	51,051	1,888	137,313	57,535
Miscellaneous	720,817	309,467	24,697	326,686	434,527
Total operating expenses	1,332,008	2,651,301	1,142,403	3,045,370	6,935,606
Operating income (loss)	3,411,365	(1,052,184)	(936,900)	(2,693,304)	(5,005,861)
NONOPERATING REVENUES (EXPENSES)					
Interest income	161,903				
Interest expense		(2,077)		(51,265)	
Income (loss) before operating transfers	3,573,268	(1,054,261)	(936,900)	(2,744,569)	(5,005,861)
Operating transfers in (out)	2,158,550	747,270	820,000	2,947,000	4,953,000
Net income (loss)	5,731,818	(306,991)	(116,900)	202,431	(52,861)
RETAINED EARNINGS					
September 30, 1991 (as restated)	(5,749)	(1,741,652)	(51,766)	163,486	(497,693)
September 30, 1992	\$5,726,069	\$(2,048,643)	\$ (168,666)	\$ 365,917	\$ (550,554)

<u>Central Laundry Fund</u>	<u>Printing Fund</u>	<u>Building Services Fund</u>	<u>Equipment Acquisition Fund</u>	<u>Totals (Memorandum Only)</u>	
				<u>1992</u>	<u>1991</u>
\$971,889	\$ 399,321	\$ 9,210,960 133,264	\$ 5,520,925 2,000	\$ 1,804,620 23,119,574 143,969	\$ 1,384,576 19,795,945 722,486
<u>971,889</u>	<u>399,321</u>	<u>9,344,224</u>	<u>5,522,925</u>	<u>25,068,163</u>	<u>21,903,007</u>
425,390	182,948	5,171,133		11,833,258	10,377,639
85,860	31,430	929,388		1,970,560	2,543,638
137,465		221,578		440,850	1,985,825
13,465	2,279	67,955	1,985,606	2,254,890	91,053
		1,500	129,720	647,534	2,241,423
28,033	41,772	1,181,314	342,906	3,144,627	991,318
23,257	208,546	2,732,472	29,820	6,972,612	5,381,825
144,121	62,585	425,196	718,708	3,166,804	2,697,018
<u>857,691</u>	<u>529,560</u>	<u>10,730,536</u>	<u>3,206,760</u>	<u>30,431,135</u>	<u>26,309,739</u>
114,298	(130,239)	(1,386,312)	2,316,165	(5,362,972)	(4,406,732)
<u>24,424</u>	<u>793</u>	<u>263,977</u>	<u>644,680</u>	<u>1,095,777</u> (53,342)	<u>(58,032)</u>
138,722	(129,446) 54,800	(1,122,335) 35,709	2,960,845 (5,506,612)	(4,320,537) 6,209,717	(4,464,764) (1,561,442)
<u>138,722</u>	<u>(74,646)</u>	<u>(1,086,626)</u>	<u>(2,545,767)</u>	<u>1,889,180</u>	<u>(6,026,206)</u>
<u>408,470</u>	<u>37,856</u>	<u>1,431,848</u>	<u>4,290,401</u>	<u>4,035,201</u>	<u>11,986,085</u>
<u>\$547,192</u>	<u>\$ (36,790)</u>	<u>\$ 345,222</u>	<u>\$ 1,744,634</u>	<u>\$ 5,924,381</u>	<u>\$ 5,959,879</u>

JEFFERSON COUNTY COMMISSION

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 1992

	<u>Risk Management Fund</u>	<u>Personnel Board Fund</u>	<u>Elections Fund</u>	<u>Information Services Fund</u>	<u>Fleet Management Fund</u>
Cash flows from operating activities:					
Cash received from customers	\$ 4,742,030	\$ 1,569,359	\$ 99,306	\$ 352,550	\$ 1,951,030
Cash payments to suppliers for goods and services	(936,969)	(1,055,766)	(441,469)	(1,146,327)	(4,392,852)
Cash payments to employees for services	(365,777)	(1,604,080)	(480,299)	(1,899,799)	(2,564,032)
Other operating revenues	1,341				7,364
Net cash provided by (used in) operating activities	3,440,625	(1,090,487)	(822,462)	(2,693,576)	(4,998,490)
Cash flows from noncapital financing activities:					
Operating transfers in (out)	2,158,550	747,270	820,000	2,947,000	4,953,000
Decrease in cash deficit		396,274	2,462	42,472	289,080
Net cash provided by (used in) noncapital financing activities	2,158,550	1,143,544	822,462	2,989,472	5,242,080
Cash flows from capital and related financing activities:					
Acquisition of capital assets		(50,980)		(244,631)	(287,694)
Interest paid on warrants and leases		(2,077)		(51,265)	
Net cash used in capital and related financing activities		(53,057)		(295,896)	(287,694)
Cash flows from investing activities:					
Interest on investments	161,903				
Sales (purchases) of investment securities, net	(4,505,593)				38,014
Net cash provided by (used in) investing activities	(4,343,690)				38,014
Net increase (decrease) in cash and cash equivalents	1,255,485	-0-	-0-	-0-	(6,090)
Cash and cash equivalents, beginning of year	50,000	-0-	-0-	-0-	6,090
Cash and cash equivalents, end of year	\$ 1,305,485	\$ -0-	\$ -0-	\$ -0-	\$ -0-

<u>Central Laundry Fund</u>	<u>Printing Fund</u>	<u>Building Services Fund</u>	<u>Equipment Acquisition Fund</u>	<u>Totals (Memorandum Only)</u>	
				<u>1992</u>	<u>1991</u>
\$ 971,042	\$ 402,955	\$ 9,213,623	\$ 5,520,925	\$ 24,822,820	\$ 21,648,168
(346,756)	(328,433)	(4,631,617)	(1,933,551)	(15,213,740)	(13,118,487)
(511,460)	(222,360)	(6,058,950)		(13,706,757)	(12,858,861)
		133,264	2,000	143,969	722,835
112,826	(147,838)	(1,343,680)	3,589,374	(3,953,708)	(3,606,345)
	54,800	35,709	(5,506,612)	6,209,717	(1,561,442)
				730,288	1,002,788
	54,800	35,709	(5,506,612)	6,940,005	(558,654)
(18,806)	(1,408)	(185,968)		(789,487)	(831,749)
				(53,342)	(58,032)
(18,806)	(1,408)	(185,968)		(842,829)	(889,781)
24,424	793	263,977	644,680	1,095,777	(6,522)
(59,829)	82,806	1,150,750	(16,649)	(3,310,501)	3,351,388
(35,405)	83,599	1,414,727	628,031	(2,214,724)	3,344,866
58,615	(10,847)	(79,212)	(1,289,207)	(71,256)	(1,709,914)
48,740	13,235	266,247	4,544,195	4,928,507	6,638,421
\$ 107,355	\$ 2,388	\$ 187,035	\$ 3,254,988	\$ 4,857,251	\$ 4,928,507

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 1992

	<u>Risk Management Fund</u>	<u>Personnel Board Fund</u>	<u>Elections Fund</u>	<u>Information Services Fund</u>	<u>Fleet Management Fund</u>
Reconciliation of operating income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$3,411,365	\$(1,052,184)	\$(936,900)	\$(2,693,304)	\$(5,006,861)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation expense	1,609	35,687	24,985	89,339	33,965
(Increase) decrease in accounts receivable		(29,758)	(106,197)	484	28,649
(Increase) decrease in inventories					(55,189)
Increase (decrease) in accounts payable	26,530	(54,019)	191,548	(66,189)	(1,951)
Increase in deposits payable					
Increase (decrease) in compensated absences	1,121	17,459	4,102	39,105	1,897
Decrease in capital lease payable		(7,672)		(63,011)	
Decrease in arbitrage rebate payable					
Total adjustments	29,260	(38,303)	114,438	(272)	7,371
Net cash provided by (used in) operating activities	\$3,440,625	\$(1,080,487)	\$(822,462)	\$(2,693,576)	\$(4,998,490)

During 1992, the County performed a physical inventory of property, plant, and equipment and adjusted the financial statements to reflect the results of the physical count. The following changes to property, plant, and equipment were made with a corresponding change to contributed capital or fund balance in the following funds:

<u>\$4,051</u>	<u>\$(19,513)</u>	<u>\$(8,627)</u>	<u>\$(836,150)</u>	<u>\$530,603</u>
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<u>Central Laundry Fund</u>	<u>Printing Fund</u>	<u>Building Services Fund</u>	<u>Equipment Acquisition Fund</u>	<u>Totals (Memorandum Only)</u>	
				<u>1992</u>	<u>1991</u>
\$114,298	\$(130,239)	\$(1,386,312)	\$2,316,165	\$(5,362,972)	\$(4,406,732)
13,465	2,279	67,955	1,985,606	2,254,890	91,053
(847)	3,634	2,663		(101,372)	467,725
(2,318)	(8,933)	(40,077)		(106,517)	2,197
(11,562)	(6,598)	(29,734)	(646,531)	(598,506)	472,826
		254		254	272
(210)	(7,981)	41,581		97,074	62,415
				(70,683)	(296,101)
			(65,866)	(65,866)	
(1,472)	(17,599)	42,642	1,273,209	1,409,274	800,387
<u>\$112,826</u>	<u>\$(147,838)</u>	<u>\$(1,343,670)</u>	<u>\$3,589,374</u>	<u>\$(3,953,698)</u>	<u>\$(3,606,345)</u>

\$417,757 \$12,281 \$94,253 \$(9,698,989) \$(9,604,334)

	<u>Expendable Trust Funds</u>		<u>Agency Fund</u>	<u>Pension Trust Fund</u>	<u>Totals (Memorandum Only)</u>	
	<u>CDBG/EDA Revolving Loan Fund</u>	<u>Pension Fund</u>	<u>Deferred Compensation Fund</u>	<u>General Retirement System</u>	<u>1992</u>	<u>1991</u>
ASSETS						
Cash and cash equivalents	\$ 266,209				\$ 266,209	\$ 155,278
Investments	986,259			\$258,735,007	259,720,266	236,435,574
Accounts receivable		\$ 5,725			5,725	
Loans receivable	3,316,080				3,316,080	2,714,903
Contributions receivable				350,775	350,775	232,588
Due from other funds						292
Due from other governmental units						60,628
Total current assets	4,567,548	5,725		259,085,782	263,659,055	239,599,263
Property and rights held under deferred compensation plan			\$9,560,801		9,560,801	8,160,592
Total assets	\$4,567,548	\$ 5,725	\$9,560,801	\$259,085,782	\$273,219,856	\$247,759,855
LIABILITIES						
Cash deficit		\$ 6,227			\$ 6,227	\$ 5,303
Accounts payable				\$ 181,426	181,426	99,898
Accrued vacation and sick leave		598			598	1,488
Obligations to employees under deferred compensation plan			\$9,560,801		9,560,801	8,160,592
Total liabilities		6,825	9,560,801	181,426	9,749,052	8,267,281
FUND EQUITY						
Fund balance (deficit):						
Reserve for:						
Contingent refunds				35,770,583	35,770,583	32,587,008
Retirement/disability benefits				223,133,773	223,133,773	203,010,572
Undesignated	\$4,567,548	(1,100)			4,566,448	3,894,994
Total fund equity (deficit)	4,567,548	(1,100)		258,904,356	263,470,804	239,492,574
Total liabilities and fund equity	\$4,567,548	\$ 5,725	\$9,560,801	\$259,085,782	\$273,219,856	\$247,759,855

JEFFERSON COUNTY COMMISSION

EXPENDABLE TRUST FUNDS
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 1992

	CDBG/EDA Revolving Loan Fund	Pension Fund	Totals (Memorandum Only)	
			1992	1991
REVENUES				
Intergovernmental revenues	\$ 111,867	\$77,736	\$ 189,603	\$ 398,104
Charges for services	295	5,484	5,779	258
Miscellaneous revenues	326,720		326,720	228,671
Total revenues	438,882	83,220	522,102	627,033
EXPENDITURES				
Current:				
General government		77,521	77,521	69,393
Total expenditures		77,521	77,521	69,393
Excess of revenues over expenditures	438,882	5,699	444,581	557,640
Other financing sources:				
Operating transfers in	226,873		226,873	237,138
Excess of revenues and other sources over expenditures	665,755	5,699	671,454	794,778
FUND BALANCE				
September 30, 1991	3,901,794	(6,800)	3,894,994	3,100,216
September 30, 1992	\$4,567,549	\$(1,101)	\$4,566,448	\$3,894,994

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 1992**

ALL AGENCY FUNDS

DEFERRED COMPENSATION FUND

	<u>Balance September 30, 1991</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance September 30, 1992</u>
ASSETS				
Investments	<u>\$8,160,592</u>	<u>\$1,780,564</u>	<u>\$380,355</u>	<u>\$9,560,801</u>
LIABILITIES				
Deposits held in trust	<u>\$8,160,592</u>	<u>\$1,780,564</u>	<u>\$380,355</u>	<u>\$9,560,801</u>

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 1992

Federal Grantor/ Pass-Through Grantor/ Program Title	Identification Number	Pass Through Grantor's Number	Assistance Period	Total	Budget	Federal Share	Accrued or (Deferred) Revenue at 10-1-91	Revenue Recognized	Expenditures at 9-30-92	Accrued or (Deferred) Revenue at 9-30-92
Dept. of Housing & Urban Development										
Direct Programs										
Community Development Block Grants/ Entitlement Grants	14.218	B-87-UC-01-0001	1991-92	2,859,000.00	2,859,000.00	2,859,000.00	0.00	0.00	30,799.52	30,799.52
	14.218	B-88-UC-01-0001	1991-92	2,703,000.00	2,703,000.00	2,703,000.00			2,949.10	2,949.10
	14.218	B-89-UC-01-0001	1991-92	2,811,000.00	2,811,000.00	2,811,000.00	185,420.27	464,579.73	252,138.24	252,138.24
	14.218	B-90-UC-01-0001	1991-92	2,588,000.00	2,588,000.00	2,588,000.00		1,976,000.00	1,146,228.59	1,146,228.59
	14.218	B-91-UC-01-0001	1991-92	2,974,000.00	2,974,000.00	2,974,000.00		350,066.46	1,412,106.10	350,066.46
Total Community Development Block Grants (M)				13,935,000.00	13,935,000.00	13,935,000.00	185,420.27	2,790,646.19	2,844,221.55	350,066.46
Rental Housing Rehabilitation										
	14.230	R-88-UC-01-0201	1991-92	173,000.00	173,000.00	173,000.00		6,525.00	6,525.00	6,525.00
	14.230	R-89-UC-01-0201	1991-92	130,000.00	130,000.00	130,000.00		41,680.00	41,680.00	41,680.00
	14.230	R-90-UC-01-0201	1991-92	106,000.00	106,000.00	106,000.00		12,815.00	12,815.00	12,815.00
Total Rental Housing Rehabilitation				409,000.00	409,000.00	409,000.00	0.00	61,020.00	61,020.00	0.00
Emergency Shelter Grants Program										
	14.231	S-90-UC-01-0006	1991-92	70,000.00	70,000.00	70,000.00	9,135.21	0.62	0.62	0.62
	14.231	S-91-UC-01-0006	1991-92	66,000.00	66,000.00	66,000.00	20,597.03	45,402.97	45,402.97	7,072.32
Passed through Alabama Department of Economic and Community Affairs										
Emergency Shelter Grants Program	14.231	HL-90-002	1991-92	99,000.00	99,000.00	99,000.00	42,688.45	9,859.05	9,859.05	9,859.05
Emergency Shelter Grants Program	14.231	ESG91 012	1991-92	48,261.00	48,261.00	48,261.00		40,587.40	40,587.40	8,287.93
Total Emergency Shelter Grants				283,261.00	283,261.00	283,261.00	72,420.69	95,850.04	95,850.04	15,360.25
Total Department of Housing and Urban Development										
				14,627,261.00	14,627,261.00	14,627,261.00	257,840.96	2,947,516.23	3,001,091.59	365,426.71
Department of Health and Human Services										
Passed through Alabama Commission on Aging										
Title IIIA, Part B	93.633	03-01-09-03a	1991-92	129,350.00	129,350.00	97,012.85	21,068.78	81,175.76	81,175.76	18,526.68
Title IIIB, Part B	93.633	03-01-09-03a	1991-92	628,200.00	628,200.00	565,380.41	95,768.42	439,947.97	439,947.97	119,515.45
Total Title III, Part B (M)				757,550.00	757,550.00	662,393.26	116,837.20	521,123.73	521,123.73	138,042.13
Title IIIC-1, Part C-Nutrition	93.635	03-01-09-03a	1991-92	1,133,630.00	1,133,630.00	838,628.21	71,435.67	886,391.07	886,391.07	78,981.70
Title IIIC-2, Part C-Nutrition	93.635	03-01-09-03a	1991-92	583,648.00	583,648.00	245,500.00	5,657.36	329,377.41	329,377.41	28,320.49
Total Title III, Part C (M)				1,717,278.00	1,717,278.00	1,084,128.21	77,093.03	1,215,768.48	1,215,768.48	107,302.19
Title III, Part G-Prevention of Abuse, Neglect, & Exploitation of Older Individuals										
Title III, Part D-In-Home Services	93.552	03-01-09-03a	1991-92	6,690.00	6,690.00	6,017.00		6,300.00	6,300.00	6,300.00
Title IV-Training, Research & Discretionary Projects	93.641	03-01-09-03a	1991-92	15,385.00	15,385.00	13,385.00		8,550.00	8,550.00	2,137.50
Total Department of Health and Human Services				17,236,084.00	17,236,084.00	16,466,654.47	469,143.06	4,726,134.85	4,779,710.21	612,908.53
Sub-Total to Sheet #2										

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 1992

Federal Grantor/ Program Title	Identification Number	Pass Through Grantor's Number	Assistance Period	Total Budget	Federal Share	Accrued or (Deferred) Revenue at 10-1-91	Revenue Recognized	Expenditures at 9-30-92	Accrued or (Deferred) Revenue
Sub-Total from Sheet #1				17,236,084.00	16,466,654.47	469,143.06	4,726,134.85	4,779,710.21	612,908.53
<u>Department of Agriculture</u>									
Passed through State Department of Education									
School Breakfast Program	10.553	344284	1991-92				31,377.49	31,377.49	2,132.87
National School Lunch Program	10.555	344084	1991-92				5,948.50	5,948.50	407.89
National School Lunch Program	10.555	344184	1991-92				49,671.14	49,671.14	3,425.14
Total Department of Agriculture				0.00	0.00	0.00	86,997.13	86,997.13	5,965.90
<u>Department of Commerce</u>									
<u>Direct Program</u>									
Economic Development- Business Development Assistance	11.301	04-39-03391	1991-92	1,923,800.00	1,923,800.00	60,627.00	61,446.86	61,446.86	0.00
<u>Department of Justice</u>									
Passed through Alabama Department of Economic and Community Affairs									
Drug Control and System Improvement-			8-01-90 to						
Formula Grant	16.579	DB-90-03-0010	4-30-92	216,674.16	162,505.63	8,791.67	134,245.70	134,245.70	
Drug Control and System Improvement-			2-01-92 to						
Formula Grant	16.579	DB-91-03-0010	1-31-93	200,000.00	150,000.00		46,734.91	46,734.91	46,734.91
Total Department of Justice				416,674.16	312,505.63	8,791.67	180,980.61	180,980.61	46,734.91
<u>Department of Labor</u>									
<u>Direct Program</u>									
Senior Community Service Employment Program (M)	17.235	99-0-0737-11-086	1991-92	320,824.00	288,742.00		307,634.00	307,634.00	
Passed through State Department of Education			7-1-91 to						
Job Training Partnership Act	17.250		6-30-92	75,000.00	75,000.00		49,484.75	49,484.75	
Total Department of Labor				395,824.00	363,742.00	0.00	357,118.75	357,118.75	0.00
<u>Department of Transportation</u>									
Passed through Alabama Highway Department Public Transportation for Non-Urbanized Areas	20.509	RPT-37(6)	1991-92	353,250.00	181,500.00	57,529.40	117,000.00	117,000.00	32,381.00
<u>Appalachian Regional Commission</u>									
<u>Direct Program</u>									
Appalachian Regional Development	23.001	A-89-UC-01-0001	1991-92	129,450.00	129,450.00	119,817.47	0.00	0.00	
Appalachian Regional Development	23.001	A-90-UC-01-0001	1991-92	160,000.00	160,000.00		160,000.00	160,000.00	
Total Appalachian Regional Commission				289,450.00	289,450.00	119,817.47	160,000.00	160,000.00	0.00
<u>Federal Emergency Management Agency</u>									
Passed through Ala. Emergency Management Agency Disaster Assistance Funds	83.516	073-00000	1991-92	560,892.00	423,663.25	11,978.00	11,978.00	11,978.00	
Total				21,175,974.16	19,961,315.35	715,908.60	5,701,656.20	5,755,231.56	697,990.34

Exhibit #20

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ADECA CONTRACT NUMBER DB-90-03-0010
For the Fiscal Year Ended September 30, 1992

Jefferson County
 Commission

	Total Budget			Current Year Activity			Prior Year Activity			Totals		Favorable (Unfavorable)
	Grant Funds	Local Match		Grant Funds	Local Match		Grant Funds	Local Match		Actual	Budget	
Revenues												
Federal Funds												
Received From ADECA	162,505.63			134,245.70	44,748.56		28,259.93	9,419.97		162,505.63	162,505.63	0.00
Local Contribution		54,168.53								54,168.53	54,168.53	0.00
Totals	162,505.63	54,168.53		134,245.70	44,748.56		28,259.93	9,419.97		216,674.16	216,674.16	0.00
Expenditures By Cost Category												
Contractual Services	125,970.24	41,990.08		99,082.29	33,027.43		26,887.95	8,962.65		167,960.32	167,960.32	0.00
Equipment	33,236.31	11,078.77		32,586.52	10,862.18		649.79	216.59		44,315.08	44,315.08	0.00
Operating Expenses	2,782.77	927.58		2,182.54	727.50		600.23	200.08		3,710.35	3,710.35	0.00
Travel	516.31	172.10		394.35	131.45		121.96	40.65		688.41	688.41	0.00
Totals	162,505.63	54,168.53		134,245.70	44,748.56		28,259.93	9,419.97		216,674.16	216,674.16	0.00

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ADECA CONTRACT NUMBER DB-91-03-0019
For the Fiscal Year Ended September 30, 1992

	Total Budget		Current Year Activity		Actual	Totals		Favorable (Unfavorable)
	Grant Funds	Local Match	Grant Funds	Local Match		Budget		
<u>Revenues</u>								
Federal Funds	150,000.00		46,734.91		46,734.91	150,000.00		(103,265.09)
Received From ADECA		50,000.00		15,578.30	15,578.30	50,000.00		(34,421.70)
Local Contribution								
Totals	150,000.00	50,000.00	46,734.91	15,578.30	62,313.21	200,000.00		(137,686.79)
<u>Expenditures By Cost Category</u>								
Contractual Services	142,230.00		46,734.91		46,734.91	192,230.00		129,916.79
Equipment	3,120.00				0.00	3,120.00		3,120.00
Operating Expenses	1,450.00				0.00	1,450.00		1,450.00
Travel	3,200.00				0.00	3,200.00		3,200.00
Totals	150,000.00	50,000.00	46,734.91	15,578.30	62,313.21	200,000.00		137,686.79

Jefferson County
Commission

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ADECA CONTRACT NUMBER HL-90-002
For the Fiscal Year Ended September 30, 1992

Exhibit #22

	Total Budget Grant Funds	Current Year Activity Grant Funds	Prior Year Total Grant Funds	Totals	
				Actual	Budget
<u>Revenues</u>					
Federal Funds					
Received From ADECA	99,000.00	9,859.05	89,140.95	99,000.00	0.00
<u>Expenditures By</u>					
Cost Category					
Emergency Shelter	99,000.00	9,859.05	89,140.95	99,000.00	0.00

Jefferson County
Commission

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
ADECA CONTRACT NUMBER ESG91-012
For the Fiscal Year Ended September 30, 1992

Exhibit #23

	<u>Total Budget</u> Grant Funds	<u>Current Year</u> Activity Grant Funds	<u>Actual</u>	<u>Totals</u>	
				<u>Budget</u>	<u>Favorable</u> (Unfavorable)
<u>Revenues</u>					
Federal Funds					
Received From ADECA	48,261.00	40,587.40	40,587.40	48,261.00	(7,673.60)
<u>Expenditures By</u>					
<u>Cost Category</u>					
Emergency Shelter	48,261.00	40,587.40	40,587.40	48,261.00	7,673.60

ADDITIONAL INFORMATION

Jefferson County
Commission

MEMBERS OF THE COUNTY COMMISSION AND FINANCE DIRECTOR
October 1, 1991 through September 30, 1992

Exhibit #24

Board Members

			<u>Term Expires</u>
Hon. Mary M. Buckelew	President	7895 Kimbrell Road McCalla, AL 35111	1995
Hon. Gary White	Member	414 Yorkshire Drive Homewood, AL 35209	1995
Hon. Jeff Germany	Member	1101 Circle Trail Birmingham, AL 35214	1995
Hon. Chris McNair	Member	2940 Molton Gray Drive Birmingham, AL 35020	1995
Hon. Jim Gunter	Member	1721 Big Mountain Circle Birmingham, AL 35235	1995

Official

Mr. Steve Saylor
Finance Director
2417 Walking Fern Lane
Birmingham, AL 25244

COMPLIANCE REPORT BASED ON AN AUDIT OF COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Jefferson County
Commission

We have audited the financial statements of the Jefferson County Commission as of and for the year ended September 30, 1992, and have issued our report thereon dated November 23, 1993.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Jefferson County Commission is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the Commission complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Commission had not complied, in all material respects, with those provisions.

This report is intended for the information of management, other state officials, and federal agencies. However, this report is a matter of public record and its distribution is not limited.



Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

November 23, 1993

REPORT ON THE INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

Exhibit #26

We have audited the financial statements of the Jefferson County Commission as of and for the year ended September 30, 1992, and have issued our report thereon dated November 23, 1993.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Jefferson County Commission for the year ended September 30, 1992, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: cash; investments; receivables; inventories; property, equipment, and capital outlay; liabilities; revenues/receipts; payroll/personnel; and expenditures/expenses.

For all the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable condition noted is as follows: the fixed asset inventory records were not updated on a timely basis.

REPORT ON THE INTERNAL CONTROL STRUCTURE
IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of management, other state officials, and federal agencies. However, this report is a matter of public record and its distribution is not limited.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

November 23, 1993

Jefferson County
Commission

SINGLE AUDIT OPINION ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Exhibit #27

We have audited the financial statements of the Jefferson County Commission as of and for the year ended September 30, 1992, and have issued our report thereon dated November 23, 1993.

We also have audited the Jefferson County Commission for compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; federal personnel; environmental reviews; request for release of funds; program income; technical assistance, monitoring and evaluations; offering contribution opportunities; displacement of current workers, payment of minimum wage, or prevailing wages; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended September 30, 1992. The management of the Jefferson County Commission is responsible for the Commission's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Jefferson County Commission complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; federal personnel; environmental reviews; request for release of funds; program income; technical assistance, monitoring and evaluations; offering contribution opportunities; displacement of current workers, payment of minimum wage, or prevailing wages; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended September 30, 1992.

This report is intended for the information of management, other state officials, and federal agencies. However, this report is a matter of public record and its distribution is not limited.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

November 23, 1993

SINGLE AUDIT REPORT ON COMPLIANCE WITH
THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Jefferson County
Commission

We have audited the financial statements of the Jefferson County Commission as of and for the year ended September 30, 1992, and have issued our report thereon dated November 23, 1993.

We have applied procedures to test the Commission's compliance with the following requirements applicable to federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended September 30, 1992. The general requirements include political activity, Davis-Bacon, civil rights, cash management, federal financial reports, allowable costs/ cost principles, drug-free workplace, and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Commission's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Commission had not complied, in all material respects, with those requirements.

This report is intended for the information of management, other state officials, and federal agencies. However, this report is a matter of public record and its distribution is not limited.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

November 23, 1993

SINGLE AUDIT REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

Exhibit #29

We have audited the financial statements of the Jefferson County Commission as of and for the year ended September 30, 1992, and have issued our report thereon dated November 23, 1993.

In connection with our audit of the financial statements of the Jefferson County Commission, and with our consideration of the Commission's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended September 30, 1992. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Commission's compliance with these requirements. Accordingly, we do not express such an opinion.

With the respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Commission had not complied, in all material respects, with those requirements.

This report is intended for the information of management, other state officials, and federal agencies. However, this report is a matter of public record and its distribution is not limited.



Ronald L. Jones
Chief Examiner
Department of Examiners of Public Accounts

November 23, 1993

Jefferson County
Commission

SINGLE AUDIT REPORT ON THE INTERNAL
CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

We have audited the financial statements of the Jefferson County Commission as of and for the year ended September 30, 1992, and have issued our report thereon dated November 23, 1993. We have also audited the Commission for compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated November 23, 1993.

We conducted our audits in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the Jefferson County Commission complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended September 30, 1992, we considered the Commission's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Commission's financial statements and on its compliance with requirements applicable to major federal financial assistance programs and not to provide assurance on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated November 23, 1993.

The management of the Jefferson County Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Specific Requirements

Types of Services Allowed or Unallowed
Eligibility
Matching, Level of Effort, or Farmarking
Reporting
Federal Personnel
Environmental Reviews
Request for Release of Funds
Program Income
Technical Assistance, Monitoring and Evaluations
Offering Contribution Opportunities
Displacement of Current Workers
Payment of Minimum Wage or Prevailing Wages
Claims for Advances and Reimbursements
Amounts Claimed or Used for Matching

General Requirements

Political Activity
Davis-Bacon
Civil Rights
Cash Management
Federal Financial Reports
Allowable Costs/Cost Principles
Drug-Free Workplace
Administrative Requirements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended September 30, 1992, the Commission expended 84.9 percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Commission's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Commission's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

The reportable conditions noted are as follows: some federal financial reports were not compared with the accounting records on a regular basis, and the fixed asset inventory records were not updated on a timely basis.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management, other state officials, and federal agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

AUDITEE RESPONSE

JEFFERSON COUNTY COMMISSION



MARY M. BUCKELEW

PRESIDENT

211 Courthouse, Birmingham, Alabama 35263-0071
Telephone (205) 325-5555

December 22, 1993

Ronald L. Jones, Chief Examiner
Department of Examiner of Public Accounts
50 North Ripley Street, Room 3201
Montgomery, AL 36104-3833

Dear Mr. Jones;

This letter is in response to the letter of Doug Clark, Assistant Director County Audit Division, dated December 13, 1993 in which he listed three recommendations for improving the Jefferson County Commission's financial operations.

The Jefferson County Commission has invested over \$600 million in fixed assets over the decades. Recognizing the value of this investment, the present Commission recently conducted the first ever county-wide fixed asset inventory and appraisal. The Commission now employs an accountant whose sole responsibility is to record all asset transactions in order to keep the fixed asset records up-to-date. It is important for the Commission to maintain the integrity of its recently completed first county-wide asset inventory.

The Finance Director reviews all debt transactions and takes action in debt situations in the best interest of the county after consultation with the Commission. The Jefferson County Commission has a long standing tradition of issuing debt and refinancing debt based on the underlying economic value to the County. The Commission is not primarily concerned with insuring that every detail transaction is recorded immediately in accounting records when a debt is issued. The Commission relies upon the external independent assistance of several nationally recognized bond lawyers and many national investment banking firms. These external experts regularly express their confidence in the Jefferson County debt management. Therefore the Commission has not yet employed full time employees solely dedicated to debt management, especially since all debt transactions are recorded well prior to the issuance of our audited financial statements.

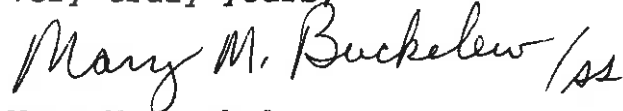
The Jefferson County Commission Office of Senior Citizens Activities (OSCA) submits federal financial reports without review by the Jefferson County Commission Finance Department. OSCA will begin immediately submitting these reports to the Finance Department for review and approval before submission to

Page 2
Mr. Ronald L. Jones
December 22, 1993

the federal government and the Finance Department will initiate a process to journalize the value of congregate meals provided by the State of Alabama in Jefferson County. As you know your report will be delivered in our 1994 fiscal year, therefore the new process will not be in effect for the 1993 fiscal year.

Please contact me with any questions you may have about these topics.

Very truly yours,

A handwritten signature in cursive script that reads "Mary M. Buckelew" followed by a small flourish or initials.

Mary M. Buckelew
President

MMB/ps

cc: Jefferson County Commission
Steve Saylor
Barbara Bonfield