

Report on the
Jefferson County Commission
Jefferson County, Alabama
October 1, 1998 Through September 30, 1999

Filed: **MAR 31 2000**



**Department of
Examiners of Public Accounts**
50 North Ripley Street, Room 3201
P.O. Box 302251
Montgomery, Alabama 36130-2251

Ronald L. Jones, Chief Examiner

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Ronald L. Jones
Chief Examiner

Honorable Ronald L. Jones
Chief Examiner of Public Accounts
Montgomery, Alabama 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, 1998 through September 30, 1999.

SCOPE AND OBJECTIVES

This report encompasses an audit of financial statements of the Jefferson County Commission (the "Commission") and a review of compliance by the Commission with applicable laws and regulations of the State of Alabama and federal financial assistance programs. The 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 and results of financial operations and whether the 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 basic financial statements (Exhibits 1 through 6); Notes to the Financial Statements; required supplementary information (Exhibit 7); combining financial statements (Exhibits 8 through 19); a Schedule of Expenditures of Federal Awards (Exhibit 20), which details federal assistance received and expended during the audit period; Notes to the Schedule of Expenditures of Federal Awards; and the ***Independent Auditor's Report***, which reports on whether the included financial information constitutes a fair presentation of the financial position and results of financial operations.
3. **Additional Information** – contains basic information related to the Commission (Exhibit 21) 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-133 for federal compliance audits:

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards (Exhibit 22) – a report on internal control related to the financial statements and a report on whether the Commission has complied with laws and regulations which could have a direct and material effect on the Commission's financial statements.

Report On Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 (Exhibit 23) – a report on internal control over compliance with requirements of laws, regulations, contracts and grants applicable to major federal programs and an opinion on whether the Commission complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program.

Schedule of Findings and Questioned Costs (Exhibit 24) – a report summarizing the results of the audit findings relating to the financial statements as required by ***Government Auditing Standards*** and findings and questioned costs for federal awards as required by OMB Circular A-133.

Auditee Response/Corrective Action Plan (Exhibit 25) – a response by the Commission on the results of the audit and corrective action plan for federal audit findings.

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.

The Birmingham Water Works Board (BWWB) and the City of Bessemer, Alabama – Water Service Department (Bessemer Water Service) bills and collects sewer service charges for the Jefferson County Commission (Commission). For the fiscal year ended September 30, 1999, neither BWWB nor Bessemer Water Service engaged an auditor to provide a report on each entity's internal controls that may be relevant to the Commission's internal controls.

AUDIT FINDING

- ◆ Procedures were not in place to ensure compliance with all contract provisions between the Commission and Bessemer Water Service for sewer billing services.

STATUS OF PRIOR AUDIT FINDINGS

Findings contained in the prior audit have been resolved except as follows:

- ◆ At September 30, 1999, the following funds had deficit fund balances:

Road Fund	\$3,002,000
Road Construction Fund	\$ 483,000

- ◆ The Alabama Competitive Bid Law requires that entities obtain competitive bids for purchases of goods and services costing \$7,500.00 or more. The Commission bid gasoline and fuel for a period of three years and awarded the bid to a local vendor. However, the Commission made purchases of gasoline totaling \$19,520.68 from another vendor.

SUMMARY OF FEDERAL COMPLIANCE AND FEDERAL INTERNAL CONTROL

The Commission appears to have complied, in all material respects, with applicable federal laws and regulations. There were no material weaknesses noted in the internal controls related to federal programs.

RECOMMENDATIONS

- ◆ Procedures should be implemented to ensure compliance with all contract provisions between the Commission and Bessemer Water Service for sewer billing services.
- ◆ The Commission should eliminate deficit fund balances.
- ◆ The Commission should comply with the provisions of the Alabama Competitive Bid Law.

Respectfully submitted,

Sworn to and subscribed before me this
the 21st day of March, 2000.

Delana E. Dallyhigh
Notary Public

Elizabeth L. Crowson

Elizabeth L. Crowson
Examiner of Public Accounts

Sworn to and subscribed before me this
the 17 day of MARCH, 2000.

Elizabeth Keys
Notary Public

Roderick Edwards

Roderick Edwards
Examiner of Public Accounts

Sworn to and subscribed before me this
the 21st day of March, 2000.

Delana E. Dallyhigh
Notary Public

James E. Hall

James E. Hall
Examiner of Public Accounts

Sworn to and subscribed before me this
the 21st day of March, 2000.

Delana E. Dallyhigh
Notary Public

Denise A. Hill

Denise A. Hill
Examiner of Public Accounts

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Independent Auditor's Report

We have audited the accompanying primary government financial statements of the Jefferson County Commission, as of and for the year ended September 30, 1999, as listed in the table of contents as Exhibits 1 through 6. These financial statements are the responsibility of the Jefferson County Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *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.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the primary government, the Jefferson County Commission, as of September 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and similar trust fund for the year then ended in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of component units of Jefferson County, as discussed in Note 1, do not purport to, and do not, present fairly the financial position of Jefferson County, as of September 30, 1999, and the results of its operations and cash flows of its proprietary fund types and similar trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2000 on our consideration of the Jefferson County Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the primary government financial statements of Jefferson County Commission, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards (Exhibit 20) as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the combining financial statements (Exhibits 8 through 19) are presented for purposes of additional analysis and are not a required part of the primary government financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole.

The Schedule of Funding Progress (Exhibit 7) is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



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

March 1, 2000

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Combined Balance Sheet
All Fund Types and Account Groups
September 30, 1999
(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS				
Cash and Investments	\$ 78,710	\$ 2,852	\$ 30,796	\$ 17,941
Accounts Receivable, Net	667			
Loans Receivable, Net		3,031		
Patient Accounts Receivable, Net				
Interest Receivable		11		
Contributions Receivable				
Due from Other Funds	337			
Due from Other Governments	14,131	5,513		76
Inventories	190	1,828		
Prepaid Expenses				
Fixed Assets, Net Where Applicable				
Accreted Interest				
Warrant Issuance Cost				
Deferred Loss on Early Debt Retirement				
Amount Available in Debt Service Fund				
Amount to Be Provided for Payment of General Long-Term Debt				
Amount to Be Provided for Payment of Compensated Absences				
TOTAL ASSETS	\$ 94,035	\$ 13,235	\$ 30,796	\$ 18,017

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only) Current Year
\$ 972,556	\$ 8,565	\$ 591,267	\$	\$	\$ 1,702,687
12,116	15				12,798
		670			3,701
7,941					7,941
		4,682			4,693
		550			550
	4				341
1,565	2,671				23,956
1,385	1,064				4,467
223	56				279
833,187	11,750	130	326,159		1,171,226
				7,036	7,036
23,959					23,959
3,684					3,684
				27,058	27,058
				137,276	137,276
				9,403	9,403
\$ 1,856,616	\$ 24,125	\$ 597,299	\$ 326,159	\$ 180,773	\$ 3,141,055

Combined Balance Sheet
All Fund Types and Account Groups
September 30, 1999
(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Cash Deficit	\$	\$ 258	\$	\$ 154
Accounts Payable	656	1,015		2,019
Deposits Payable	4			
Due to Other Funds				
Due to Other Governments	217	3,750		
Deferred Revenues		230		
Other Payables	18			
Accrued Payroll and Taxes	4,853	946		
Accrued Interest Payable			3,738	
Retainage Payable				110
Arbitrage Rebate Payable				
Estimated Liability for Compensated Absences	699	255		
Estimated Claims Liability				
Warrants Payable				
Estimated Liability for Closure/Postclosure Care Costs				
TOTAL LIABILITIES	6,447	6,454	3,738	2,283
FUND EQUITY				
Retained Earnings				
Investment in General Fixed Assets				
Fund Balances:				
Reserved for Inventory	190	1,828		
Reserved for Petty Cash	66	1		
Reserved for Mapping and Appraisal	402			
Reserved for E-911	784			
Reserved for CGH Foundation		311		
Reserved for Loan Receivable		3,031		
Reserved for Debt Service			27,058	
Reserved for Trust Requirements				
Reserved for Encumbrances	3,256	5,435		46,312
Reserved for Contingent Refunds				
Reserved for Retirement/Disability Benefits				
Unreserved	82,890	(3,825)		(30,578)
TOTAL FUND EQUITY	87,588	6,781	27,058	15,734
TOTAL LIABILITIES AND FUND EQUITY	\$ 94,035	\$ 13,235	\$ 30,796	\$ 18,017

The accompanying Notes to the Financial Statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only) Current Year
\$ 12,608	\$ 2,108	\$	\$	\$	\$ 15,128
27,015	461	387			31,553
41		341			45
					341
					3,967
					230
813	110				941
3,014	889	28			9,730
13,864					17,602
3,684					3,794
603					603
5,597	2,240	96		9,403	18,290
	3,037				3,037
1,571,975				171,370	1,743,345
3,094					3,094
1,642,308	8,845	852		180,773	1,851,700
214,308	15,280				229,588
			326,159		326,159
					2,018
					67
					402
					784
					311
		670			3,701
					27,058
		531			531
					55,003
		57,453			57,453
		537,764			537,764
		29			48,516
214,308	15,280	596,447	326,159		1,289,355
\$ 1,856,616	\$ 24,125	\$ 597,299	\$ 326,159	\$ 180,773	\$ 3,141,055

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds For the Year Ended September 30, 1999 (In Thousands)

	Governmental Fund Types		
	General	Special Revenue	Debt Service
REVENUES			
Taxes	\$ 57,591	\$ 70,097	\$
Licenses and Permits	53,683		
Intergovernmental	14,145	15,792	672
Charges for Services	17,919	453	9
Indirect Cost Recovery	6,922		
Investment Income	3,451	867	582
Miscellaneous	336	1,288	
TOTAL REVENUES	154,047	88,497	1,263
EXPENDITURES			
Current:			
General Government	49,246	5,844	
Public Safety	46,276	653	
Highways and Roads		28,749	
Health and Welfare	898	3,385	
Culture and Recreation	12,819		
Education	185		
Capital Outlay	1,526	5,179	
Debt Service:			
Principal Retirement			16,820
Interest and Fiscal Charges			7,755
Indirect Cost	10,693	4,088	31
TOTAL EXPENDITURES	121,643	47,898	24,606
Excess of revenues over (under) expenditures	32,404	40,599	(23,343)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	5,500	20,934	26,128
Proceeds from Sale of Fixed Assets	145	205	
Operating Transfers Out	(30,305)	(67,916)	
TOTAL OTHER FINANCING SOURCES (USES)	(24,660)	(46,777)	26,128
Excess of revenues and other sources over (under) expenditures and other uses	7,744	(6,178)	2,785
Fund balances at beginning of year, as restated (Note 21)	79,844	12,959	24,273
Fund balances at end of year	\$ 87,588	\$ 6,781	\$ 27,058

The accompanying Notes to the Financial Statements are an integral part of this statement.

<u>Capital Projects</u>	<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only) Current Year</u>
\$	\$	\$
		127,688
		53,683
366	2,035	33,010
888		19,269
		6,922
571	69	5,540
42	125	1,791
<u>1,867</u>	<u>2,229</u>	<u>247,903</u>
46	1,562	56,698
		46,929
3,225		31,974
		4,283
		12,819
		185
15,538	43	22,286
		16,820
		7,755
		14,812
<u>18,809</u>	<u>1,605</u>	<u>214,561</u>
<u>(16,942)</u>	<u>624</u>	<u>33,342</u>
309		52,871
71		421
(457)		(98,678)
<u>(77)</u>		<u>(45,386)</u>
(17,019)	624	(12,044)
32,753	606	150,435
<u>\$ 15,734</u>	<u>\$ 1,230</u>	<u>\$ 138,391</u>

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types For the Year Ended September 30, 1999 (In Thousands)

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes	\$ 57,758	\$ 57,591	\$ (167)
Licenses and Permits	53,676	53,683	7
Intergovernmental	13,767	14,145	378
Charges for Services	17,894	17,919	25
Indirect Cost Recovery	6,955	6,922	(33)
Investment Income	3,211	3,451	240
Miscellaneous	244	336	92
TOTAL REVENUES	153,505	154,047	542
EXPENDITURES			
Current:			
General Government	91,120	49,246	41,874
Public Safety	45,697	46,276	(579)
Highways and Roads			
Sanitation			
Health and Welfare	898	898	
Culture and Recreation	12,819	12,819	
Education	186	185	1
Capital Outlay	1,777	1,526	251
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Indirect Cost	10,693	10,693	
TOTAL EXPENDITURES	163,190	121,643	41,547
Excess of revenues over (under) expenditures	(9,685)	32,404	42,089
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	5,739	5,500	(239)
Proceeds from Sale of Fixed Assets	171	145	(26)
Operating Transfers Out	(30,353)	(30,305)	48
TOTAL OTHER FINANCING SOURCES (USES)	(24,443)	(24,660)	(217)
Excess of revenues and other sources over (under) expenditures and other uses	(34,128)	7,744	41,872
Fund balances at beginning of year, as restated (Note 21)	79,845	79,844	(1)
Fund Balances at end of year	\$ 45,717	\$ 87,588	\$ 41,871

Special Revenue

Budget	Actual	Variance Favorable (Unfavorable)
\$ 70,092	\$ 70,097	\$ 5
23,489	15,792	(7,697)
434	453	19
751	867	116
766	1,288	522
<u>95,532</u>	<u>88,497</u>	<u>(7,035)</u>
9,941	5,844	4,097
806	653	153
32,644	28,749	3,895
1,239	3,385	(2,146)
5,807	5,179	628
4,088	4,088	
<u>54,525</u>	<u>47,898</u>	<u>6,627</u>
41,007	40,599	(408)
20,934	20,934	
205	205	
<u>(67,916)</u>	<u>(67,916)</u>	
<u>(46,777)</u>	<u>(46,777)</u>	
(5,770)	(6,178)	(408)
12,958	12,959	1
<u>\$ 7,188</u>	<u>\$ 6,781</u>	<u>\$ (407)</u>

***Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types
For the Year Ended September 30, 1999
(In Thousands)***

	Debt Service		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes	\$	\$	\$
Licenses and Permits			
Intergovernmental	620	672	52
Charges for Services	11	9	(2)
Indirect Cost Recovery			
Investment Income	1,281	582	(699)
Miscellaneous			
TOTAL REVENUES	1,912	1,263	(649)
EXPENDITURES			
Current:			
General Government			
Public Safety			
Highways and Roads			
Sanitation			
Health and Welfare			
Culture and Recreation			
Education			
Capital Outlay			
Debt Service:			
Principal Retirement	11,644	16,820	(5,176)
Interest and Fiscal Charges	13,210	7,755	5,455
Indirect Cost	31	31	
TOTAL EXPENDITURES	24,885	24,606	279
Excess of revenues over (under) expenditures	(22,973)	(23,343)	(370)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	26,128	26,128	
Proceeds from Sale of Fixed Assets			
Operating Transfers Out			
TOTAL OTHER FINANCING SOURCES (USES)	26,128	26,128	
Excess of revenues and other sources over (under) expenditures and other uses	3,155	2,785	(370)
Fund balances at beginning of year, as restated (Note 21)	24,273	24,273	
Fund Balances at end of year	\$ 27,428	\$ 27,058	\$ (370)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Capital Projects

Budget	Actual	Variance Favorable (Unfavorable)
\$	\$	\$
366	366	
888	888	
413	571	158
42	42	
<u>1,709</u>	<u>1,867</u>	<u>158</u>
10,886	46	10,840
388		388
3,584	3,225	359
1,900		1,900
60		60
61		61
2,988	15,538	(12,550)
<u>19,867</u>	<u>18,809</u>	<u>1,058</u>
<u>(18,158)</u>	<u>(16,942)</u>	<u>1,216</u>
309	309	
	71	71
(280)	(457)	(177)
<u>29</u>	<u>(77)</u>	<u>(106)</u>
<u>(18,129)</u>	<u>(17,019)</u>	<u>1,110</u>
32,752	32,753	1
<u>\$ 14,623</u>	<u>\$ 15,734</u>	<u>\$ 1,111</u>

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***Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types
For the Year Ended September 30, 1999
(In Thousands)***

	Proprietary Fund Types		Totals
	Enterprise Funds	Internal Service Funds	(Memorandum Only) Current Year
<u>Operating Revenues</u>			
Taxes	\$ 3,151	\$	\$ 3,151
Intergovernmental		3,763	3,763
Charges for Services	71,715	18,906	90,621
Patient Revenue	29,638		29,638
Medicaid Disproportionate Share	2,081		2,081
Other Operating Revenue	3,597		3,597
Total Operating Revenues	110,182	22,669	132,851
<u>Operating Expenses</u>			
Provisions for Bad Debt	768		768
Salaries	51,539	14,741	66,280
Employee Benefits and Payroll Taxes	11,110	3,697	14,807
Utilities	5,616	3,202	8,818
Supplies	11,980	3,858	15,838
Depreciation and Amortization	29,680	1,200	30,880
Outside Services	10,305	4,502	14,807
Services from other Hospitals	3,986		3,986
Jefferson Clinic	13,258		13,258
Office Expense	2,417	1,579	3,996
Closure and Postclosure Care Cost	548		548
Miscellaneous	3,126	2,090	5,216
Total Operating Expenses	144,333	34,869	179,202
Operating Income/(Loss)	\$ (34,151)	\$ (12,200)	\$ (46,351)

***Combined Statement of Revenues, Expenses and Changes in Fund
Equity - All Proprietary Fund Types
For the Year Ended September 30, 1999
(In Thousands)***

	Proprietary Fund Types		Totals
	Enterprise Funds	Internal Service Funds	(Memorandum Only) Current Year
<u>Nonoperating Revenues (Expenses)</u>			
Interest Revenue	\$ 34,427	\$ 244	\$ 34,671
Miscellaneous Revenue	58	453	511
Interest Expense	(63,364)		(63,364)
Indirect Cost	(3,379)	(436)	(3,815)
Gain on Sale of Fixed Assets	110	3	113
Loss on Sale of Fixed Assets	(236)	(10)	(246)
Indirect Cost Recovery		13,445	13,445
Amortization of Bond Issue Costs	(368)		(368)
Total Nonoperating Revenues (Expenses)	(32,752)	13,699	(19,053)
Income/(Loss) Before Operating Transfers	(66,903)	1,499	(65,404)
<u>Operating Transfers</u>			
Operating Transfers In	48,278	4,341	52,619
Operating Transfers Out	(1,312)	(5,500)	(6,812)
Total Operating Transfers	46,966	(1,159)	45,807
Net Income/(Loss)	(19,937)	340	(19,597)
Fund Equity at beginning of year	234,245	14,940	249,185
Fund Equity at end of year	\$ 214,308	\$ 15,280	\$ 229,588

The accompanying Notes to the Financial Statements are an integral part of this statement.

Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended September 30, 1999
(In Thousands)

	Proprietary Fund Types		Totals
	Enterprise Funds	Internal Service Funds	(Memorandum Only) Current Year
<u>Cash Flows from Operating Activities</u>			
Operating Income (Loss)	\$ (34,151)	\$ (12,200)	\$ (46,351)
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>			
Depreciation	29,680	1,200	30,880
Provision for Bad Debts	261		261
(Increase)/Decrease in Accounts Receivable	(3,790)	4	(3,786)
(Increase)/Decrease in Patients Receivable	(676)		(676)
(Increase)/Decrease in Prepaid Items	(223)	5	(218)
(Increase)/Decrease in Due from Governmental Units	(390)	(407)	(797)
(Increase)/Decrease in Due from Other Funds		(4)	(4)
(Increase)/Decrease in Inventory	(264)	86	(178)
Increase/(Decrease) in Accounts Payable	5,620	(643)	4,977
Increase/(Decrease) in Other Accounts Payable	(720)	110	(610)
Increase/(Decrease) in Accrued Payroll and Taxes	383	93	476
Increase/(Decrease) in Deposits Payable	(54)		(54)
Increase/(Decrease) in Retainage Payable	341		341
Increase/(Decrease) in Interest Payable	8,320		8,320
Increase/(Decrease) in Arbitrage Rebate Payable	603		603
Increase/(Decrease) in Compensated Absences Payable	356	110	466
Increase/(Decrease) in Estimated Claims Liability		1,197	1,197
Increase/(Decrease) in Estimated Liability for Landfill Postclosure Costs	441		441
Total Adjustments	39,888	1,751	41,639
Net Cash Provided/(Used) by Operating Activities	\$ 5,737	\$ (10,449)	\$ (4,712)
Carried Forward			

Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended September 30, 1999
(In Thousands)

	Proprietary Fund Types		Totals
	Enterprise Funds	Internal Service Funds	(Memorandum Only) Current Year
Net Cash Provided/(Used) by Operating Activities			
Brought Forward	\$ 5,737	\$ (10,449)	\$ (4,712)
<u>Cash Flows from Non-Capital Financing Activities</u>			
Operating Transfers In	48,278	4,341	52,619
Operating Transfers Out	(1,312)	(5,500)	(6,812)
Increase/(Decrease) in Cash Deficit	3,123	(154)	2,969
Received from Auxiliary Services	58	454	512
Indirect Cost Recovery		13,445	13,445
Indirect Cost	(3,747)	(436)	(4,183)
Net Cash Provided/(Used) by Non-Capital Financing Activities	46,400	12,150	58,550
<u>Cash Flows from Capital and Related Financing Activities</u>			
Interest Paid	(63,364)		(63,364)
Gain on Sale of Fixed Assets		3	3
Acquisition of Fixed Assets	(206,424)	(2,120)	(208,544)
Proceeds from Warrant Issue	944,692		944,692
Proceeds from Sale of Fixed Assets	110		110
Principal Payments	(6,820)		(6,820)
Net Cash Provided/(Used) by Capital and Related Financing Activities	668,194	(2,117)	666,077
<u>Cash Flows from Investing Activities</u>			
Interest and Dividend Income	34,427	244	34,671
Net Cash Provided/(Used) by Investing Activities	34,427	244	34,671
Net Increase/(Decrease) in Cash and Cash Equivalents	754,758	(172)	754,586
Cash and Investments, Beginning of Year	217,798	8,737	226,535
Cash and Investments, End of Year	\$ 972,556	\$ 8,565	\$ 981,121

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement of Changes in Plan Net Assets
Pension Trust Fund
For the Year Ended September 30, 1999
(In Thousands)

	Pension Trust Fund
Additions	
Investment Income	
Net Appreciation in Fair Value of Investments	\$ 31,586
Investments	18,188
Dividends	4,011
Total Investment Income	<u>53,785</u>
Less: Investment Manager Fees	1,410
Total	<u>52,375</u>
Contributions	
Members	7,056
Employer	7,056
Total Contributions	<u>14,112</u>
Other	
Pistol Permits	226
Other Income	11
Total Other	<u>237</u>
Total Additions	<u>66,724</u>
Deductions	
Participant Expenses	
Benefits Paid to Participants and Beneficiaries	12,710
Refunds of Member Contributions	1,193
Interest Paid on Refunds of Member Contributions	94
Total Participant Expenses	<u>13,997</u>
Administrative Expenses	
Office Expenses	234
Other Expenses	69
Total Expenses	<u>303</u>
Total Deductions	<u>14,300</u>
Change in Net Assets	52,424
Net Assets Held in Trust for Pension Benefits	
Beginning of Year	542,793
End of Year	<u>\$ 595,217</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

For the Year Ended September 30, 1999

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Jefferson County Commission (the "Commission"), except for the exclusion of the component units discussed below, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

A. Reporting Entity

Generally accepted accounting principles (GAAP) require that the financial statements present the Commission (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting the following criteria: 1) the primary government appoints a voting majority of the organization's governing body and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government or 2) the potential component unit is fiscally dependent on the primary government. A potential component unit is considered fiscally dependent if it does not have the authority to do all three of the following: 1) determine its own budget without another government having the authority to approve and modify that budget, 2) levy taxes or set rates or charges without approval by another government, and 3) issue bonded debt without approval by another government.

Based on the application of the above criteria, the following entities are component units of the Commission: Jefferson Tax Collector – Birmingham and Bessemer Divisions, Tax Assessor – Birmingham and Bessemer Divisions, Revenue Commission, Probate Judge – Birmingham and Bessemer Division, Sheriff, Treasurer – Birmingham Division and Deputy Treasurer – Bessemer Division. Separate legal compliance examination reports are issued for these component units and these reports can be obtained from the State of Alabama, Department of Examiners of Public Accounts.

The accompanying financial statements reflect the activity of the Commission (the primary government), and do not include all of the financial activities of the component units listed above as required by generally accepted accounting principles.

B. Fund Accounting

The Commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Notes to the Financial Statements

For the Year Ended September 30, 1999

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

General Fund

The Commission primarily received revenues from collections of occupational taxes, county sales taxes, property taxes and revenues collected by the State of Alabama and shared with the County.

Special Revenue Funds

The Commission used the following special revenue funds:

- ◆ *Indigent Care Fund* – This fund is used to account for the expenditure of beverage and sales taxes designated for indigent county residents.
- ◆ *Road Fund* – This fund is used to account for the County's share of the following taxes: 7-cent and 4-cent per gallon gasoline tax, the 5-cent per gallon supplemental excise tax, the 2-cent per gallon inspection fee, motor vehicle and truck license taxes and fees, and driver's license revenue. Revenues are earmarked for building and maintaining county roads and bridges.
- ◆ *Senior Citizens' Activities Fund* – This fund is used to account for the expenditure of federal and county funds to provide social, nutritional, transportation, and other services to elderly residents of Jefferson County.
- ◆ *Bridge and Public Building Fund* – This fund is used to account for the expenditure of special county property taxes for building and maintaining public buildings, roads and bridges.
- ◆ *Community Development Fund* – This fund is used to account for the expenditure of federal block grant funds.

Notes to the Financial Statements
For the Year Ended September 30, 1999

- ◆ ***CDBG/EDA Revolving Loan Fund*** – This fund is used to account for the Commission’s administration of various loan programs for rental housing rehabilitation and economic development.
- ◆ ***Home Grant Fund*** – This fund is used to account for the expenditure of funds received from the U.S. Department of Housing and Urban Development.
- ◆ ***Emergency Management Fund*** – This fund is used to account for the expenditure of funds received for disaster assistance programs.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, the Commission's general long-term debt principal and interest. During the fiscal year ended September 30, 1999, the Commission had one debt service fund.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). During the fiscal year ended September 30, 1999, the Commission had the following capital projects funds:

- ◆ ***Capital Improvements Fund*** – This fund is used to account for the financial resources used in the improvement of major capital facilities.
- ◆ ***Road Construction Fund*** – This fund is used to account for the financial resources used in the construction of roads.

Proprietary Fund Types

Proprietary fund types are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services for such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the County (internal service funds).

Notes to the Financial Statements

For the Year Ended September 30, 1999

Enterprise Funds

These funds are used to account for activities where the intent of the Commission 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 where the Commission decided that periodic income determination is appropriate for capital maintenance, public policy, management control accountability or other purposes.

The Commission operates the following enterprises:

- ◆ **Cooper Green Hospital Fund** – The fund is used to account 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.
- ◆ **County Home Fund** – This fund is used to account for the operations of in-patient nursing facilities. Net revenues are received from patient charges and reimbursements from third parties, principally Medicaid.
- ◆ **Landfill Operations Fund** – This fund is used to account for the operations of the County's landfill systems. Revenues are generated primarily through user charges.
- ◆ **Sanitary Operations Fund** – This fund is used to account for the operations of the County's sanitary sewer systems. Revenues are generated primarily through user charges, impact fees and designated ad valorem taxes.
- ◆ **Parking Deck Fund** – This fund is used to account for the operations of the County parking deck. Revenues are generated through user charges.

Internal Service Funds

These funds are used to account for the financing of goods and services provided by a county department or agency to other county departments and agencies or to other governmental units on a cost reimbursement basis and for a governmental entity's risk financing activities. During the fiscal year ended September 30, 1999, the Commission had the following internal service funds:

- ◆ **Risk Management Fund** – This fund is used to account for resources to provide insurance needs to County departments.
- ◆ **Personnel Board Fund** – This fund is used to account for resources for providing personnel to County departments and other governmental units by the Jefferson County Personnel Board.

Notes to the Financial Statements

For the Year Ended September 30, 1999

- ◆ **Elections Fund** – This fund is used to account for resources for holding County elections.
- ◆ **Information Services Fund** – This fund is used to account for resources for providing data processing, microfilming and related services to the various County departments.
- ◆ **Fleet Management Fund** – This fund is used to account for resources for providing and maintaining vehicles to County departments.
- ◆ **Central Laundry Fund** – This fund is used to account for resources for providing laundry services to County departments.
- ◆ **Printing Fund** – This fund is used to account for resources for providing printing, postage and related services to County departments.
- ◆ **Building Services Fund** – This fund is used to account for resources for providing building maintenance and other related services for the County.

Fiduciary Fund Types

Fiduciary fund types are used to account for resources held by the Commission in a trustee capacity. Assets of fiduciary fund types do not belong to the Commission; the Commission has a liability to disburse those assets to specific individuals or organizations. These funds include expendable trust and pension trust funds.

Expendable Trust Fund

- ◆ **Stormwater Management Authority Fund** – This fund is used to account for the expenditure of intergovernmental revenues to assist member governing bodies with compliance with federal and state laws relating to storm water discharges.
- ◆ **City of Birmingham Revolving Loan Fund** – This fund is used to account for the Commission's administration of the City of Birmingham revolving loan program for economic development.

Pension Trust Fund

- ◆ **General Retirement System Fund** – This fund is used to account for all transactions related to resources held in trust for the General Retirement System (GRS) for Employees of Jefferson County.

Notes to the Financial Statements

For the Year Ended September 30, 1999

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the Commission's general fixed assets and the unmatured principal of its general long-term debt. These account groups are not funds. They do not reflect available financial resources and related liabilities - but are accounting records of the general fixed assets and general long-term debt and certain associated information.

- ◆ **General Fixed Assets Account Group** – This account group is used to account for all Commission fixed assets except those related to specific proprietary funds.
- ◆ **General Long-Term Debt Account Group** – This account group is used to account for all unmatured long-term liabilities of the Commission except for the long-term liabilities of proprietary funds.

C. Basis of Accounting

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) consists of retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become 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 recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Notes to the Financial Statements

For the Year Ended September 30, 1999

Those revenues that were accrued are those due from the federal government; State of Alabama; Jefferson County Revenue Department, Jefferson County Tax Collector, Jefferson County Probate Court, and various other Jefferson County agencies; municipalities; County Home residents; landfill customers; clients of Cooper Green; and interest revenue. Other revenues are not material or generally susceptible to accrual because they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types and the pension trust fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Commission reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service and capital projects funds. All annual appropriations lapse at fiscal year end.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting -- under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

E. Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the County Commission to invest in obligations of the U.S. Treasury and securities of federal agencies and certificates of deposit.

Notes to the Financial Statements

For the Year Ended September 30, 1999

Investments are stated at fair value or amortized cost. Investments held in escrow for retainage on construction contracts and as surety for purchase commitments are stated at fair value.

F. Due To/From Other Funds

During the course of operation, numerous transactions occur between individual funds for goods provided or services rendered. These short-term interfund loans are classified as "Due from Other Funds" or "Due To Other Funds".

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 1999, are recorded as prepaid items.

I. Fixed Assets

Governmental Funds -- General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

Depreciation is not recorded or provided on general fixed assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Notes to the Financial Statements
For the Year Ended September 30, 1999

Proprietary Funds -- Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using straight-line method. The estimated useful lives are as follows:

	Years
Buildings	28-50
Improvements	28
Equipment	5-30

J. Other Debits

The general long-term debt account group reflects an account entitled "Amount to be Provided for Retirement of General Long-Term Debt" and "Amount to be Provided for Payment of Compensated Absences." These accounts have debit balances and are offset by corresponding payables. They do not constitute assets of the Commission.

K. Compensated Absences

The Commission has a standard leave policy for its full time employees as to sick and vacation leave.

Vacation Leave

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

Vacation earned but not used during the calendar year may be accumulated up to a maximum of forty days. Vacation leave earned in excess of the maximum accumulation must be used by December 31 of each year or it shall be forfeited. A permanent employee terminating from County service in good standing shall be compensated by unused earned vacation not to exceed 40 days.

Sick Leave

Sick leave shall be earned at the rate of one day for each month of service. Sick leave earned but not used during the calendar year may be accumulated with no maximum limit. A permanent employee who resigns or retires from the county in good standing after five years of service may, subject to the approval of the appointing authority, receive pay for fifty percent of the accumulated sick leave not to exceed 30 days.

Notes to the Financial Statements

For the Year Ended September 30, 1999

Compensatory Leave

Eligible county employees covered by provisions of the Fair Labor Standards Act are paid for overtime hours worked at the rate of time-and-one half. In some instances, the employee may be offered compensatory leave.

Maximum limitations of accumulated compensatory time are as follows:

- ◆ Public Safety employees may accrue a maximum of 480 hours
- ◆ All other employees may accrue a maximum of 240 hours

Any employee's accrual of overtime in excess of the maximum limitation shall, within the following pay period, be disposed of by either (a) payment at the current hourly pay step of the employee or (b) granting equivalent time off.

The Commission uses the termination method to accrue its sick leave liability. **Termination Payment Method** - Under this method an accrual for earned sick leave is made only to the extent it is probable that the benefits will result in termination payment, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

As of September 30, 1999, the liability for accrued vacation and compensatory leave is approximately \$11,351,000. The amounts applicable to the proprietary funds of \$4,748,000 have been recorded in those funds. Only the current portion of \$892,000 has been reported as a liability in the governmental funds and fiduciary funds. The remainder of \$5,711,000 has been recorded in the General Long-Term Debt Account Group (GLTDAG).

As of September 30, 1999, the liability for accrued sick leave is approximately \$6,939,000. The amounts applicable to the proprietary funds of \$3,089,000 have been recorded in those funds. Only the current portion of \$158,000 has been reported as a liability in the governmental funds and fiduciary funds. The remainder of \$3,692,000 has been recorded in the General Long-Term Debt Account Group (GLTDAG).

L. 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.

Notes to the Financial Statements

For the Year Ended September 30, 1999

M. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

N. Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the straight-line method.

Bond discount/issue cost of the Series 1999-A Sewer Revenue Refunding Warrants contain deferred costs of \$8,003,000 that are being amortized over 40 years. At September 30, 1999, the unamortized deferred cost of the 1999-A issue was \$7,886,000.

Bond discount/issue cost of the Series 1997-A Sewer Revenue Refunding Warrants contain deferred costs of \$9,956,000 that are being amortized over 30 years. At September 30, 1999, the unamortized deferred cost of the 1997-A issue was \$9,071,000.

Bond discount/issue cost of the Series 1997-B Sewer Revenue Refunding Warrants contain deferred costs of \$509,000 that are being amortized over 6 years. At September 30, 1999, the unamortized deferred cost of the 1997-B issue was \$283,000.

Bond discount/issue cost of the Series 1997-C Sewer Revenue Refunding Warrants contain deferred costs of \$946,000 that are being amortized over 18 years. At September 30, 1999, the unamortized deferred cost of the 1997-C issue was \$806,000.

Bond discount/issue cost of the Series 1997-D Sewer Revenue Warrants contain deferred costs of \$6,320,000 that are being amortized over 30 years. At September 30, 1999, the unamortized deferred cost of the 1997-D issue was \$5,776,000.

Bond issue/discount cost of the Series 1996 Landfill Warrants contain deferred costs of \$212,000 that are being amortized over 10 years. At September 30, 1999, the unamortized, deferred cost of this issue was \$136,765.

O. Interfund Transactions

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Notes to the Financial Statements

For the Year Ended September 30, 1999

P. Memorandum Only - Total Columns

Total columns on the 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 changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Q. Property Taxes

Millage rates are levied at the first regular meeting of the Commission in February of each year. Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable October 1 and are delinquent after December 31.

R. Policy re: FASB Pronouncements for Proprietary Activities

The Commission, in accounting for its proprietary activities, follows all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs).

Note 2 - Budgets and Appropriations

The State Legislature enacted the County Financial Control Act of 1935, which is the present statutory basis for county budgeting operations. Under the terms of the County Financial Control Act, each county commission, at some meeting in September of each year, but in any event not later than the first meeting in October must estimate the County's revenues and expenditures and appropriate for the various purposes the respective amounts that are to be used for each purpose. The appropriations must not exceed the total revenues available for appropriation. Expenditures may not legally exceed appropriations.

The budget is usually divided into two parts - an operating budget and a capital budget. The operating budget addresses the immediate problems of providing services, paying personnel, and purchasing equipment. The capital budget address major equipment, furniture purchases, and public works projects.

Budgets may be adjusted during the fiscal year when approved by the County Commission. Any changes must be within the revenues and reserves estimated to be available.

Notes to the Financial Statements

For the Year Ended September 30, 1999

Note 3 – Deposits and Investments

The Commission's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the pledging financial institution's trust department in the Commission's name.

Statutes authorize the Commission to invest in obligations of the U.S. Treasury and federal agency securities. The Commission's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Commission's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty or its trust department or agent but not in the Commission's name.

	(In Thousands)				
	Category			Recorded Amount	Fair Value
	1	2	3		
U.S. Government Securities	\$ 355,000	\$	\$	\$ 355,000	\$ 355,000
Repurchase Agreements	846,423			846,423	846,423
Corporate Obligations*	156,727			156,727	156,727
Common Stocks*	263,305			263,305	263,305
Other*	1,081			1,081	1,081
Total Investments	\$1,622,536	\$	\$	\$1,622,536	\$1,622,536

*Investments of General Retirement System for Employees of Jefferson County.

The County has entered into contracts for construction of various facilities within Jefferson County. Amounts were provided by some contractors that were used to purchase certificates of deposits and U.S. Government securities to be held by designated financial institutions in the name of the contractors and the Jefferson County Commission in lieu of retainage. These securities totaling \$3,793,549.35 are included as part of Cash and Investments on Exhibit 1, but are not included in deposits and investments discussed above. They are not covered by collateral agreements between financial institutions and the Jefferson County Commission and the terms of collateralization agreements between the contractors and the financial institutions are not known at this time.

The Commission uses several methods for investing money. The investments managed by the Jefferson County Treasurer are reported at amortized cost. The Commission maintains a portfolio of short-term maturity investments, which are reported at amortized cost. The Commission also maintains a portfolio of intermediate maturity investments that are reported at fair value. The Commission's fiscal agent or custodian provides the fair value to the Commission of all intermediate maturity investments. The Commission is the only investor in its investment portfolios.

Notes to the Financial Statements
For the Year Ended September 30, 1999

Note 4 – Due From Other Governments

Amounts due from other governments included on the accompanying financial statements as of September 30, 1999, are as follows:

	(In Thousands)					Totals
	General Fund	Special Revenue Funds	Capital Projects Fund	Enterprise Funds	Internal Service Funds	
Federal	\$ 3,698	\$ 766	\$	\$	\$	\$ 4,464
State	1,784	514		1,101	318	3,717
County	8,638	4,017		40	158	12,853
Municipal	11	216	76	424	2,195	2,922
Total	\$14,131	\$5,513	\$76	\$1,565	\$2,671	\$23,956

Note 5 – Due From/To Other Funds

The amounts due to/from other funds at September 30, 1999, are as follows:

(In Thousands)	
Due To Other Funds	
Storm Water Management Authority Fund	
<hr/>	
Due from Other Funds	
General Fund	\$337
Personnel Board Fund	4
Total	\$341

Notes to the Financial Statements
For the Year Ended September 30, 1999

Note 6 – Receivables

Accounts Receivables

Amounts recorded as accounts receivable for governmental fund types and proprietary fund types consist primarily of amounts due from individuals less an allowance account for amounts estimated to be uncollectible. The balances for accounts receivable at September 30, 1999, are listed as follows:

	(In Thousands)			Grand Total
	Governmental Fund Type	Proprietary Fund Types		
	General	Enterprise	Internal Service	
Accounts Receivable	\$667	\$ 13,813	\$15	\$ 14,495
Allowance Account		(1,697)		(1,697)
Net Accounts Receivable	\$667	\$ 12,116	\$15	\$ 12,798

Patient Receivables

Patient receivables in the proprietary funds are from patients, insurance companies and third-party reimbursement contractual agencies and are recorded less an allowance for uncollectible accounts, charity accounts and other uncertainties. Certain third-party insured accounts (Blue Cross, Medicare, and Medicaid) are based on contractual agreements, which generally result in collecting less than the established rates. Final determination of payments under these agreements are subject to review by appropriate authorities. Doubtful accounts are written off against the allowance as deemed uncollectible and recorded as recoveries of bad debts if subsequently collected.

	(In Thousands)
	Enterprise Funds
Patient Receivables	\$ 17,071
Allowance Account	(9,130)
Net Patient Receivables	\$ 7,941

Loan Receivables

Jefferson County issues long-term loans through the Community Development Office for house repairs of low and moderate-income homeowners and for firms that may not have access to sufficient long-term capital financing. These loans (net an allowance account) totaled \$3,031,000 at September 30, 1999.

Notes to the Financial Statements
For the Year Ended September 30, 1999

Jefferson County, as lead agency, administers a joint grant agreement with the City of Birmingham for Title IX Revolving Loans Funds to provide funding for qualifying private enterprises. At September 30, 1999, the balance of loans receivable (net of an allowance account) for the City of Birmingham totaled \$670,000.

Note 7 – Changes in Fixed Assets

A summary of changes in the Commission's general fixed assets is as follows:

	(In Thousands)			Balance 9/30/99
	Balance 10/01/98	Additions	Reductions	
Land	\$ 6,875	\$ 3,854	\$	\$ 10,729
Buildings	170,406	12,649	366	182,689
Improvements Other Than Land/Buildings	7,666	153		7,819
Equipment and Furniture	70,892	7,588	4,042	74,438
Construction in Progress	51,389	11,855	12,760	50,484
Total	\$307,228	\$36,099	\$17,168	\$326,159

A summary of changes in expendable trust fund fixed assets is as follows:

	(In Thousands)			Balance 9/30/99
	Balance 10/01/98	Additions	Reductions	
Equipment and Furniture	\$ 66	\$229	\$66	\$229
Less: Accumulated Depreciation	(27)	(72)		(99)
Total	\$ 39	\$157	\$66	\$130

Notes to the Financial Statements
For the Year Ended September 30, 1999

A summary of changes in property, plant, and equipment of proprietary funds is as follows:

Enterprise Funds

	(In Thousands)			Balance 9/30/99
	Balance 10/01/98	Additions	Reductions	
Land	\$ 22,582	\$ 3,894	\$ 10,960	\$ 15,516
Buildings	234,366	12,186	113	246,439
Improvements Other Than Land/Buildings	331,532	122,551	1	454,082
Equipment and Furniture	39,253	4,738	1,358	42,633
Construction in Progress	292,302	202,556	128,740	366,118
Sub-Total	920,035	345,925	141,172	1,124,788
Less: Accumulated Depreciation	(264,366)	(28,521)	1,286	(291,601)
Total	\$ 655,669	\$ 317,404	\$ 139,886	\$ 833,187

Internal Service Funds

	(In Thousands)			Balance 9/30/99
	Balance 10/01/98	Additions	Reductions	
Land	\$ 76	\$	\$	\$ 76
Buildings	6,640			6,640
Improvements Other Than Land/Buildings	539	3		542
Equipment and Furniture	8,724	2,138	139	10,723
Construction in Progress	624			624
Sub-Total	16,603	2,141	139	18,605
Less: Accumulated Depreciation	(5,762)	(1,210)	117	(6,855)
Total	\$10,841	\$ 931	\$ 22	\$11,750

Note 8 - Operating Leases

The Commission is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Commission's account groups. During the fiscal year ended September 30, 1999, the Commission paid a total of \$1,284,000 for operating leases.

Notes to the Financial Statements
For the Year Ended September 30, 1999

The following is a schedule by fiscal years of future minimum rental payments required under operating leases for facilities that have initial or remaining noncancelable lease terms in excess of one year as of September 30, 1999:

	(In Thousands)
	Facilities
1999-00	\$ 492
2000-01	432
2001-02	377
2002-03	305
2003-04	305
Thereafter	507
Total Minimum Payments Required	<u>\$2,418</u>

Note 9 – County Appropriation Agreement

During the 1989 fiscal year, the Birmingham-Jefferson Civic Center Authority (Authority) issued \$132,380,000 in Capital Outlay Special Tax Bonds, Series 1989. 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 of Birmingham and the Authority and Jefferson County and the Authority.

The County levies a special privilege or license tax (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 Occupation Tax, the first \$10,000,000 collected in 1989 and in each year thereafter until and including 2008.

Note 10 – Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission maintains a risk management program in order to minimize its exposures to loss. Risk financing for these various exposures is accomplished through the following methods:

- ◆ **General and Auto Liability** - Self-insured with an established internal service fund to finance losses.
- ◆ **Workers' Compensation** - Self-insured with a retention of \$350,000, with excess coverage for statutory amounts above the retention covered by commercial insurance.

Notes to the Financial Statements
For the Year Ended September 30, 1999

- ◆ **Property Insurance** - Commercial insurance coverage purchased in the amount of \$100 million per occurrence, except a separate annual aggregate of \$50 million flood and earthquake, to include the following sub-limits: 1) \$20 million per occurrence as respects to property in the course of construction, builder's risks and installation or erection; 2) \$10 million per occurrence separately as respects to demolition, increased cost of construction and building ordinance; 3) \$5 million as respects to extra expense and 4) \$1 million as respects to transit.
- ◆ **Boiler and Machinery Insurance** - Commercial insurance coverage purchased in the amount of \$30 million per occurrence.
- ◆ **Hospital and Nursing Home Medical Malpractice and General Liability** - Insured through the County's participation in the Alabama Hospital Association Trust Fund with limits of \$1 million per occurrence with a \$3 million per report year aggregate.

Risk Management negotiates with private providers and administers health, life, accidental death and dismemberment, and dental insurance for its employees and dependents. Jefferson County Commission pays approximately 86% of health, 100% of basic life and accidental death and dismemberment, and the employees pay 100% of dental insurance and other voluntary insurance plans.

The schedule below presents the changes in claims liabilities for the past two years for the three types of self-insured activities; general liability, auto liability, and workers' compensation:

	(In Thousands)							
	General Liability		Auto Liability		Workers' Compensation		Totals	
	1999	1998	1999	1998	1999	1998	1999	1998
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$108	\$289	\$120	\$232	\$1,612	\$2,865	\$1,840	\$3,386
Incurring claims and claim adjustment expenses:								
Provision for insured events of current fiscal Year	378	21	125	20	699	463	1,202	504
Increases in provision for insured events of prior fiscal years	313	1	73	(15)	1,186	(1,103)	1,572	(1,117)
Total incurred claims and claim adjustment expenses	691	22	198	5	1,885	(640)	2,774	(613)
Payments:								
Claims and claim adjustment expenses attributable to insured events of current fiscal year	248	203	118	117	1,211	613	1,577	933
Claims and claim adjustment expenses attributable to insured events of prior fiscal year								
Totals payments	248	203	118	117	1,211	613	1,577	933
Total unpaid claim and claim adjustment expenses at end of fiscal year	\$551	\$108	\$200	\$120	\$2,286	\$1,612	\$3,037	\$1,840

Notes to the Financial Statements

For the Year Ended September 30, 1999

Note 11 – Litigation

On April 12, 1992, a class action was filed in Jefferson County Circuit Court by two sets of plaintiffs that are subject to the Special County License (Occupational) Tax. They contend that this tax violates the equal protection and due process clauses of the Fourteenth Amendment to the United States Constitution because of exemptions allowed to certain occupations. In addition, those plaintiffs who are federal employees claim that the Special County License Tax violates their rights under provision of the Buck Act which allows state and local taxation of compensation of federal officers and employees because of the source of compensation. The plaintiffs seek damages in the amount of taxes collected since January 1, 1988, costs, interest and attorney's fees and an injunction against the collection of the Special County License Tax in its current form with respect to all taxpayers. The County estimates a possible liability of \$350 million in refunds plus the additional loss of future revenues.

State legislators have repealed the Special County License (Occupational) Tax effective April 1, 2000. Unless the State legislature passes an occupational tax by April 1, 2000, the Commission will no longer have the authority to collect the tax which generates approximately \$50 million per year.

Note 12 – Changes in Long-Term Debt

The following is a summary of general long-term debt transactions for the Commission for the year ended September 30, 1999:

	(In Thousands)			Debt Outstanding September 30, 1999
	Debt Outstanding October 1, 1998	Issued/ Increased	Repaid/ Decreased	
General Obligation Warrants Estimated Liability for Compensated Absences	\$188,190	\$	\$16,820	\$171,370
	9,141	262		9,403
Total	\$197,331	\$262	\$16,820	\$180,773

The following is a summary of proprietary long-term debt transactions for the Commission for the year ended September 30, 1999:

	(In Thousands)			Debt Outstanding September 30, 1999
	Debt Outstanding October 1, 1998	Issued/ Increased	Repaid/ Decreased	
Revenue Warrants Estimated Liability for Postclosure Landfill Costs	\$626,100	\$952,695	\$6,820	\$1,571,975
Estimated Claims Liability	2,652	548	106	3,094
Estimated Liability for Compensated Absences	1,840	2,773	1,576	3,037
	7,372	465		7,837
Total	\$637,964	\$956,481	\$8,502	\$1,585,943

Notes to the Financial Statements
For the Year Ended September 30, 1999

The following is a schedule of debt service requirements to maturity:

Fiscal Year Ended	(In Thousands)				Total Principal and Interest Requirements
	General Obligation Warrants		Revenue Warrants		
	Principal	Interest	Principal	Interest	
September 30, 2000	\$ 65,390	\$ 6,613	\$ 13,090	\$ 84,117	\$ 169,210
2001	12,220	4,316	18,635	83,189	118,360
2002	12,785	3,750	11,495	82,314	110,344
2003	13,290	3,060	16,300	81,507	114,157
2004	13,895	2,616	5,595	80,895	103,001
2005	14,140	2,318	11,575	80,638	108,671
2006	8,460	1,682	13,490	79,983	103,615
2007	15,810	1,344	2,935	79,494	99,583
2008	5,815	815	3,055	79,373	89,058
2009	6,145	510	3,180	79,246	89,081
2010	3,420	184	3,310	79,115	86,029
2011			3,450	78,978	82,428
2012			3,590	78,835	82,425
2013			3,740	78,687	82,427
2014			3,895	78,533	82,428
2015			4,055	78,372	82,427
2016				78,289	78,289
2017			26,770	77,690	104,460
2018			29,745	76,135	105,880
2019			32,945	74,408	107,353
2020			36,480	72,499	108,979
2021			36,775	70,484	107,259
2022			44,555	68,242	112,797
2023			46,755	65,729	112,484
2024			51,840	63,068	114,908
2025			57,565	60,123	117,688
2026			63,765	56,863	120,628
2027			70,695	53,257	123,952
2028			58,820	48,806	107,626
2029			61,915	45,712	107,627
2030			65,125	42,497	107,622
2031			68,465	39,158	107,623
2032			71,980	35,646	107,626
2033			75,670	31,955	107,625
2034			79,705	27,921	107,626
2035			84,105	23,519	107,624
2036			88,750	18,874	107,624
2037			93,835	13,791	107,626
2038			99,390	8,235	107,625
2039			104,935	2,689	107,624
Totals	\$171,370	\$27,208	\$1,571,975	\$2,438,866	\$4,209,419

Notes to the Financial Statements
For the Year Ended September 30, 1999

Note 13 – Warrants Payable-Enterprise Funds

The Landfill Operations Fund has bonds and warrants payable of \$24,000,000 at September 30, 1999, which represents the General Obligation Warrants, Series 1996. In accordance with the bond indenture, the County uses a debt service fund to which it deposits principal and interest amounts due.

The Sanitary Operations Fund has bonds and warrants payable of \$1,547,975,000 at September 30, 1999. This long-term liability represents 1) the 1997-A Sewer Revenue Refunding Warrants, 2) the 1997-B Taxable Sewer Revenue Refunding Warrants, 3) the 1997-C AWPCA Refunding Warrant, 4) the 1997-D Sewer Revenue Warrants, and 5) the 1999-A Sewer Revenue Capital Improvement Warrants.

In accordance with the bond indentures, the County uses 1) a debt service fund to which it deposits principal and interest amounts due, 2) a reserve fund which is required to be maintained at the lesser of (a) 125% of the average annual debt service on all outstanding parity securities, (b) the maximum annual debt service on all outstanding parity securities, or (c) 10% of the original principal amount of outstanding parity securities, 3) a rate stabilization fund which is maintained at a balance of 75% of the maximum annual debt service on the outstanding parity securities, 4) a depreciation fund which will grow to an amount equal to or greater than the accumulated depreciation of the Sanitary Operations Fund, and 5) a redemption fund into which the trustee deposits certain insurance or disposition proceeds.

The balances as of September 30, 1999, exceeded the bond indenture requirements and were as follows:

	(In Thousands)
Sewer Reserve Fund	\$54,106
Sewer Rate Stabilization Fund	44,472
Sewer Depreciation Fund	\$26,429

Notes to the Financial Statements
For the Year Ended September 30, 1999

Note 14 – Continuing Disclosure

The following is information required for the benefit of the holders of the Series 1997 Sewer Revenue Warrants:

Fiscal Year Ending September 30,	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Active Accounts	142,042	141,606	140,324	140,146	140,361
Average Daily Treatment Volume (millions of gallons treated)	119	132	127	130	123
Sewer Charges	\$57,020,426	\$49,531,824	\$46,950,835	\$44,387,013	\$39,587,914
% Revenues - Largest Customer	2.93%	2.91%	2.92%	3.08%	2.87%
% Revenues - Top 10 Customers	11.62%	12.35%	10.37%	13.10%	10.37%

	Consumption	Amount
1999 Top Ten Customers		
University of Alabama - Birmingham	870,713	\$1,668,504
Birmingham Housing Authority	731,318	1,492,351
US Steel	469,451	997,438
Barbers Dairies	134,105	610,027
Golden Flake	192,288	443,955
Buffalo Rock	212,261	387,445
Baptist Medical Centers	243,855	378,544
SMI Steel	141,026	271,935
Park and Recreation (Zoo)	134,511	270,766
Brookwood Medical Center	132,011	\$ 266,945

Effective January 1, 1999 and March 1, 1999, the County implemented sewer rate increases. The rate increases were implemented in accordance with the Commission's resolutions and the Indenture with the trustee for the Sewer Revenue Warrants.

Note 15 – Issuance of Long-Term Debt

On March 1, 1999, the Commission issued \$952,695,000 in Sewer Revenue Capital Improvement Warrants Series 1999-A with interest rates ranging from 5.0 to 5.75 percent. The net proceeds of \$946,788,723 (after payment of \$9,295,107 in issuance costs, \$2,096,380 in accrued interest, and a \$1,292,450 issuance premium) were used for providing a portion of the funds to upgrade the Sewer System.

Notes to the Financial Statements
For the Year Ended September 30, 1999

Note 16 – Prior Year Defeasance of Debt

As of September 30, 1999, the following warrants outstanding are considered defeased:

	(In Thousands)
Sewer Revenue Warrants, Series 1988	\$ 27,990
Sewer Revenue Warrants, Series 1992	48,085
Sewer Revenue Warrants, Series 1993	33,535
Sewer Construction Warrants, Series 1977	2,450
Sanitary Sewer Refunding Warrants, Series 1978	11,425
General Obligation Warrants, Series 1988	4,790
General Obligation Warrants, Series 1990	29,550
Total Warrants Defeased	\$157,825

Note 17 – Segment Information for Enterprise Funds

The Commission operates Enterprise Funds, which provide medical, inpatient nursing care, landfill, sewer and parking services. These funds are intended to be self-supporting through user fees charged to the public for services. Financial segment information as of and for the year ended September 30, 1999, is presented below:

	(In Thousands)					
	Cooper Green Hospital Fund	County Home Fund	Landfill Operations Fund	Sanitary Operations Fund	Parking Deck Fund	Total Enterprise Funds
Operating Revenues	\$26,111	\$ 9,205	\$ 5,241	\$ 69,409	\$216	\$ 110,182
Depreciation, Depletion and Amortization Expense	2,109	283	2,356	24,921	11	29,680
Operating Income or (Loss)	(40,778)	(4,852)	(1,558)	13,005	32	(34,151)
Operating Grants, Entitlements and Shared Revenues	5,573	105				5,678
Operating Transfers:						
In	43,303	4,975				48,278
(Out)	(39)		(1,242)	(31)		(1,312)
Tax Revenues				3,151		3,151
Net Income or (Loss)	927	(187)	(3,851)	(16,833)	7	(19,937)
Property, Plant & Equipment:						
Additions	2,041	128	18,559	324,347	8	345,083
Deletions	726	5	17,467	122,133		140,331
Net Working Capital	4,768	1,181	(11,772)	939,929	38	934,144
Bonds and Other Long-Term Liabilities:						
Payable from Operating Revenue	2,163	442	27,478	1,550,579	4	1,580,666
Total Equity	\$17,443	\$ 9,782	\$14,550	\$ 172,452	\$ 81	\$ 214,308

Notes to the Financial Statements
For the Year Ended September 30, 1999

Note 18 – Construction and Other Significant Commitments

The following is a listing of the outstanding contracts entered into and commitments made for the fiscal year ending September 30, 1999:

Nature of Commitment	(In Thousands)
	Amount
Cahaba Sewer Improvement Project	\$ 17,146
Bessemer Courthouse Annex and Security	1,206
Correctional Facilities Project	1,575
Courthouse Building Renovation Project	40,224
Five Mile Creek Sewer Improvement Project	14,079
Highway Improvements	1,229
Home Buyer Assistance Program	507
Leeds Sewer Improvement Project	1,906
Turkey Creek Sewer Improvement Project	571
Trussville Sewer Improvement Project	3,828
Valley Creek Sewer Improvement Project	94,377
Village Creek Sewer Improvement Project	54,577
Miscellaneous Sewer Improvements-System-Wide	3,616
Totals	\$234,841

Note 19 – Defined Benefit Pension Plan

A. Plan Description

The General Retirement System for Employees of Jefferson County, Alabama (Retirement System) is the administrator of a single-employer, defined benefit pension plan (Plan) covering substantially all employees of Jefferson County, Alabama. The Retirement System was established by Act Number 497, Acts of Alabama 1965, page 717, and provides guidelines for benefits to retired and disabled employees of the County.

The Plan's financial statements are publicly available in the annual report of the General Retirement System for Employees of Jefferson County for the year ended September 30, 1999. The report may be obtained by writing: The General Retirement System for Employees of Jefferson County, Room 303-B Courthouse, Birmingham, Alabama 35263-0003.

Notes to the Financial Statements
For the Year Ended September 30, 1999

B. Summary of Significant Accounting Policies

Basis of Financial Statement Presentation

The financial statements of the Plan are prepared under the accrual method of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Plan investments are stated at fair value. Quoted market prices are used for all investments.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized appreciation or depreciation is reflected in the financial statements, when applicable.

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. Actuarial Information

For the year ended September 30, 1999, the Commission's annual pension contribution of \$7,055,584 was equal to the Commission's required and actual contribution. The required contribution was determined using the "entry age normal" method. The actuarial assumptions as of October 1, 1999, the latest actuarial valuation date, were: (a) 7.0 percent investment rate of return on present and future assets, and (b) projected salary increases of 5.5 percent. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of October 1, 1999 was 39 years.

Notes to the Financial Statements
For the Year Ended September 30, 1999

The following is a three-year trend information for the Commission:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/99	\$7,055,584	100%	\$0
9/30/98	\$6,615,917	100%	\$0
9/30/97	\$6,438,367	100%	\$0

The Schedule of Funding Progress, which is required supplementary information is contained in Exhibit 7.

Note 20 – Other Postemployment Benefits (OPEB)

In addition to the pension benefits described in Note 19, the Commission 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 General Retirement System for the Employees of Jefferson County 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. The Commission adopted a resolution on September 22, 1992 to allow those retirees who are not eligible to receive a retirement pension to participate in the health care plan by prepaying to the Commission 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 General Retirement System for the Employees of Jefferson County until they reach age 65 or become eligible for Medicare.

Currently 249 retirees meet eligibility requirements. The Commission subsidizes a portion of the retirees health care insurance premiums based on the total years of County service and age at retirement. The Commission's subsidy for each covered retired employee ranges from \$23 to \$414 per month and total insurance premiums range from \$151 to \$436. Expenditures for post-retirement health care benefits are made and recognized as premiums are paid. During the year, expenditures of \$389,887 were recognized for post-retirement health benefits.

Notes to the Financial Statements
For the Year Ended September 30, 1999

Note 21 – Restatements

An adjustment to beginning fund balance was made in the CDBG-EDA Revolving Loan Fund, a special revenue fund, in order to reclassify the U.S. Department of Commerce Economic Development-Technical Assistance revolving loans belonging to the City of Birmingham Revolving Loan Fund, an expendable trust fund.

The restatement to the CDBG-EDA Revolving Loan Fund and City of Birmingham Revolving Loan Fund are as follows:

	CDBG-EDA Revolving Loan Fund	City of Birmingham Revolving Loan Fund
Total Fund Balance, October 1, 1998, as previously reported	\$5,011,430.82	\$
Add/(Deduct) U.S. Department of Commerce Economic Development-Technical Assistance Revolving Loans	(1,156,002.88)	1,156,002.88
Total Fund Balance, October 1, 1998, as restated	<u>\$3,855,427.94</u>	<u>\$1,156,002.88</u>

Note 22 – Deficit Fund Balances

At September 30, 1999, the following funds had a deficit fund balance:

	(In Thousands)
Road Fund	\$3,002
Road Construction Fund	\$ 483

Note 23 – Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the Commission place a final cover on its landfills when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfills, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfills no longer accept waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfills used during the year.

The estimated liability for landfill closure and postclosure care costs had a balance of \$3,094,000, as of September 30, 1999. This estimate was based on 77% usage (filled) of the Jefferson County Landfill Number 1, and 35% usage (filled) of the Jefferson County Landfill Number 2, and the remaining liability for the Mt. Olive Sanitary and the Turkey Creek Sanitary Landfills which were both closed October 1997.

Notes to the Financial Statements

For the Year Ended September 30, 1999

This estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of September 30, 1999. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

Note 24 – Franchise Taxes

Several counties of the State of Alabama receive a portion of the revenues received by the State for the franchise taxes levied by the State of Alabama on in-state and out-of-state companies under the provisions of the *Code of Alabama 1975*, Section 40-14-41. The State is currently involved in litigation that challenges the constitutionality of the State's franchise tax based on the premise that it violates the Commerce Clause of the U.S. Constitution. The potential liability to the State of Alabama exceeds \$300,000,000. The State of Alabama, has received an unfavorable ruling, the several counties of this State may have to refund all the franchise taxes they have received over a period of years or forego the receipt of revenues from this tax until the liability is satisfied.

Note 25 – Subsequent Events

On October 1, 1999, the Commission issued \$100,000,000 in General Obligation Warrants Series 1999 with variable interest rates. The net proceeds of \$48,812,500 (after payment of \$50,862,500 for retirement of the Series 1998-A Warrants and \$325,000 in bond issuance costs) were used to make substantial capital improvements to a number of the County's building and facilities.

Required Supplementary Information

Schedule of Funding Progress
For the Year Ended September 30, 1999

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
09/30/96	\$389,730	\$353,152	\$(36,578)	110.4%	\$102,675	(35.6%)
10/01/98	484,496	413,789	(70,707)	117.1%	115,959	(61.0%)
10/01/99	\$534,063	\$445,237	\$(88,826)	120.0%	\$120,691	(73.6%)

Combining Financial Statements

Combining Balance Sheet
All Special Revenues Funds
September 30, 1999
(In Thousands)

	Indigent Care Fund	Road Fund	Senior Citizens' Activities Fund
ASSETS			
Cash and Investments	\$ 1,026	\$ 1	\$ 110
Loans Receivable, Net			
Interest Receivable			
Due from Other Governments	3,075	700	518
Inventories		1,828	
TOTAL ASSETS	4,101	2,529	628
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Cash Deficit			
Accounts Payable		695	40
Due to Other Governments		3,730	
Deferred Revenues			
Accrued Payroll and Taxes		858	29
Estimated Liability for Compensated Absences		248	
TOTAL LIABILITIES		5,531	69
FUND EQUITY			
Fund Balances:			
Reserved for Inventory		1,828	
Reserved for Petty Cash		1	
Reserved for CGH Foundation	311		
Reserved for Loan Receivable			
Reserved for Encumbrances	141	2,260	115
Unreserved	3,649	(7,091)	444
TOTAL FUND EQUITY	4,101	(3,002)	559
TOTAL LIABILITIES AND FUND EQUITY	\$ 4,101	\$ 2,529	\$ 628

Bridge and Public Building Fund	Community Development Fund	CDBG-EDA Revolving Loan Fund	Home Grant Fund	Emergency Management Fund	Totals Current Year
\$ 364	\$ 167	\$ 1,213	\$	\$ 138	\$ 2,852
	11	2,864			3,031
299	516		250	155	11
					5,513
663	694	4,077	250	293	1,828
					13,235
	246		12		258
	191	36	1	52	1,015
		16	4		3,750
			230		230
	42		3	14	946
	8			(1)	255
	487	52	250	65	6,454
					1,828
					1
	167	2,864			311
	911		1,729	279	3,031
663	(871)	1,161	(1,729)	(51)	5,435
663	207	4,025		228	(3,825)
\$ 663	\$ 694	\$ 4,077	\$ 250	\$ 293	\$ 6,781
					13,235

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds
For the Year Ended September 30, 1999
(In Thousands)

	Indigent Care Fund	Road Fund	Senior Citizens' Activities Fund
REVENUES			
Taxes	\$ 37,040	\$ 10,095	\$ 3,354
Intergovernmental		7,719	
Charges for Services		156	
Investment Income	404		9
Miscellaneous	347	95	118
TOTAL REVENUES	37,791	18,065	3,481
EXPENDITURES			
Current:			
General Government			3,750
Public Safety			
Highways and Roads		28,749	
Health and Welfare			
Capital Outlay		5,016	108
Indirect Cost	20	3,695	140
TOTAL EXPENDITURES	20	37,460	3,998
Excess of revenues over (under) expenditures	37,771	(19,395)	(517)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In		19,457	1,051
Proceeds from Sale of Fixed Assets		202	3
Operating Transfers Out	(42,846)	(184)	
TOTAL FINANCING SOURCES (USES)	(42,846)	19,475	1,054
Excess of revenue and other sources over (under) expenditures and other uses	(5,075)	80	537
Fund Balances at beginning of year, as restated	9,176	(3,082)	22
Fund Balances at end of year	\$ 4,101	\$ (3,002)	\$ 559

Bridge and Public Building Fund	Community Development Fund	CDBG-EDA Revolving Loan Fund	Home Grant Fund	Emergency Management Fund	Totals Current Year
\$ 22,962	\$ 4,266	\$ (7)	\$ 269	\$ 191	\$ 70,097
	1			296	15,792
303		146		5	453
		357	372	(1)	867
23,265	4,267	496	641	491	1,288
	1,595		499		88,497
				653	5,844
	2,865	326	194		653
	15			40	28,749
12	197	12	12		3,385
12	4,672	338	705	693	5,179
					4,088
23,253	(405)	158	(64)	(202)	47,898
	258	12	64	92	20,934
(24,886)					205
(24,886)	258	12	64	92	(67,916)
					(46,777)
(1,633)	(147)	170		(110)	(6,178)
2,296	354	3,855		338	12,959
\$ 663	\$ 207	\$ 4,025	\$	\$ 228	\$ 6,781

Combining Balance Sheet
All Capital Projects Funds
September 30, 1999
(In Thousands)

	Capital Improvements Fund	Road Construction Fund	Totals Current Year
ASSETS			
Cash and Investments	\$ 17,941	\$	\$ 17,941
Due from Other Governments	24	52	76
TOTAL ASSETS	17,965	52	18,017
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Cash Deficit		154	154
Accounts Payable	1,638	381	2,019
Retainage Payable	110		110
TOTAL LIABILITIES	1,748	535	2,283
FUND EQUITY			
Fund Balances:			
Reserved for Encumbrances	43,604	2,708	46,312
Unreserved	(27,387)	(3,191)	(30,578)
TOTAL FUND EQUITY	16,217	(483)	15,734
TOTAL LIABILITIES AND FUND EQUITY	\$ 17,965	\$ 52	\$ 18,017

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Capital Projects Funds
For the Year Ended September 30, 1999
(In Thousands)***

	Capital Improvements Fund	Road Construction Fund	Totals Current Year
REVENUES			
Intergovernmental	\$ 66	\$ 300	\$ 366
Charges for Services		888	888
Investment Income	557	14	571
Miscellaneous		42	42
TOTAL REVENUES	623	1,244	1,867
EXPENDITURES			
Current:			
General Government	46		46
Highways and Roads		3,225	3,225
Capital Outlay	15,538		15,538
TOTAL EXPENDITURES	15,584	3,225	18,809
Excess of revenues over (under) expenditures	(14,961)	(1,981)	(16,942)
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	84	225	309
Proceeds from Sale of Fixed Assets	71		71
Operating Transfers Out	(457)		(457)
TOTAL OTHER FINANCING SOURCES (USES)	(302)	225	(77)
Excess of revenues and other sources over (under) expenditures and other uses	(15,263)	(1,756)	(17,019)
Fund Balances at beginning of year	31,480	1,273	32,753
Fund Balances at end of year	\$ 16,217	\$ (483)	\$ 15,734

Combining Balance Sheet
All Enterprise Funds
September 30, 1999
(In Thousands)

	Cooper Green Hospital Fund	County Home Fund
ASSETS		
Cash and Investments	\$ 19	\$ 87
Accounts Receivable, Net	6	
Patient Accounts Receivable, Net	6,254	1,687
Due from Other Governments	1,102	
Inventories	774	76
Prepaid Expenses	223	
Fixed Assets, Net Where Applicable	14,838	9,043
Warrant Issuance Cost		
Deferred Loss on Early Debt Retirement		
TOTAL ASSETS	23,216	10,893
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Cash Deficit		
Accounts Payable	1,298	231
Deposits Payable		41
Other Payables	799	13
Accrued Payroll and Taxes	1,513	384
Accrued Interest Payable		
Retainage Payable		
Arbitrage Rebate Payable		
Estimated Liability for Compensated Absences	2,163	442
Warrants Payable		
Estimated Liability for Closure/Postclosure Care Costs		
TOTAL LIABILITIES	5,773	1,111
FUND EQUITY		
Unreserved Retained Earnings	17,443	9,782
TOTAL FUND EQUITY	17,443	9,782
TOTAL LIABILITIES AND FUND EQUITY	\$ 23,216	\$ 10,893

Landfill Operations Fund	Sanitary Operations Fund	Parking Deck Fund	Totals Current Year
\$	\$	\$	\$
1,045	972,411	39	972,556
	11,064	1	12,116
	463		7,941
	535		1,565
			1,385
			223
53,663	755,596	47	833,187
137	23,822		23,959
	3,684		3,684
54,845	1,767,575	87	1,856,616
12,608			12,608
8	25,478		27,015
	1		41
	978		813
137	13,800	2	3,014
64	3,684		13,864
	603		3,684
	2,604		603
384	1,547,975	4	5,597
24,000			1,571,975
3,094			3,094
40,295	1,595,123	6	1,642,308
14,550	172,452	81	214,308
14,550	172,452	81	214,308
\$ 54,845	\$ 1,767,575	\$ 87	\$ 1,856,616

***Combining Statement of Revenues, Expenses and Changes in Fund
Equity - All Enterprise Funds
For the Year Ended September 30, 1999
(In Thousands)***

	Cooper Green Hospital Fund	County Home Fund
<u>Operating Revenues</u>		
Taxes	\$	\$
Charges for Services		
Patient Revenue	20,538	9,100
Medicaid Disproportionate Share	2,081	
Other Operating Revenue	3,492	105
Total Operating Revenues	<u>26,111</u>	<u>9,205</u>
<u>Operating Expenses</u>		
Provisions for Bad Debt	507	
Salaries	26,881	6,620
Employee Benefits and Payroll Taxes	5,175	1,656
Utilities	1,202	533
Supplies	8,947	759
Depreciation and Amortization	2,109	283
Outside Services	2,897	3,432
Services from other Hospitals	3,986	
Jefferson Clinic	13,258	
Office Expense	821	664
Closure and Postclosure Care Cost		
Miscellaneous	1,106	110
Total Operating Expenses	<u>66,889</u>	<u>14,057</u>
Operating Income (Loss)	<u>(40,778)</u>	<u>(4,852)</u>
<u>Nonoperating Revenues (Expenses)</u>		
Interest Revenue	58	
Miscellaneous Revenue	(10)	57
Interest Expense	(22)	
Indirect Cost	(1,585)	
Gain on Sale of Fixed Assets		2
Loss on Sale of Fixed Assets		(1)
Amortization of Bond Issue Costs		(368)
Total Nonoperating Revenues (Expenses)	<u>(1,559)</u>	<u>(310)</u>
Income (Loss) Before Operating Transfers	<u>(42,337)</u>	<u>(5,162)</u>
<u>Operating Transfers</u>		
Operating Transfers In	43,303	4,975
Operating Transfers Out	(39)	
Total Operating Transfers	<u>43,264</u>	<u>4,975</u>
Net Income (Loss)	927	(187)
Fund Equity at beginning of year	16,516	9,969
Fund Equity at end of year	<u>\$ 17,443</u>	<u>\$ 9,782</u>

Landfill Operations Fund	Sanitary Operations Fund	Parking Deck Fund	Totals Current Year
\$	\$	\$	\$
5,241	3,151		3,151
	66,258	216	71,715
			29,638
			2,081
			3,597
5,241	69,409	216	110,182
	261		768
2,207	15,807	24	51,539
471	3,803	5	11,110
230	3,625	26	5,616
521	1,750	3	11,980
2,356	24,921	11	29,680
433	3,539	4	10,305
			3,986
			13,258
18	914		2,417
548			548
15	1,784	111	3,126
6,799	56,404	184	144,333
(1,558)	13,005	32	(34,151)
	34,368	1	34,427
4	7		58
(838)	(62,504)		(63,364)
(171)	(1,597)	(26)	(3,379)
61	47		110
(107)	(128)		(236)
			(368)
(1,051)	(29,807)	(25)	(32,752)
(2,609)	(16,802)	7	(66,903)
			48,278
(1,242)	(31)		(1,312)
(1,242)	(31)		46,966
(3,851)	(16,833)	7	(19,937)
18,401	189,285	74	234,245
\$ 14,550	\$ 172,452	\$ 81	\$ 214,308

***Combining Statement of Cash Flows - All Enterprise Funds
For the Year Ended September 30, 1999
(In Thousands)***

	Cooper Green Hospital	County Nursing Home
<u>Cash Flows from Operating Activities</u>		
Operating Income (Loss)	\$ (40,778)	\$ (4,852)
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>		
Depreciation and Amortization	2,109	283
Provision for Doubtful Accounts		
(Increase)/Decrease in Accounts Receivable	2	
(Increase)/Decrease in Patients Receivable	(860)	184
(Increase)/Decrease in Prepaid Items	(223)	
(Increase)/Decrease in Due from Governmental Units	(251)	
(Increase)/Decrease in Inventory	(218)	(26)
Increase/(Decrease) in Accounts Payable	232	(96)
Increase/(Decrease) in Other Accounts Payable	(730)	9
Increase/(Decrease) in Accrued Payroll and Taxes	168	6
Increase/(Decrease) in Deposits Payable		(54)
Increase/(Decrease) in Retainage Payable		
Increase/(Decrease) in Interest Payable		
Increase/(Decrease) in Arbitrage Rebate Payable		
Increase/(Decrease) in Compensated Absences Payable	117	(10)
Increase/(Decrease) in Estimated Liability for Landfill Postclosure Costs		
Total Adjustments	<u>346</u>	<u>296</u>
Net Cash Provided/(Used) by Operating Activities Carried Forward	<u>\$ (40,432)</u>	<u>\$ (4,556)</u>

Landfill Operations	Sanitary Operations	Parking Deck	Totals Current Year
\$ (1,558)	\$ 13,005	\$ 32	\$ (34,151)
2,356	24,921	11	29,680
(305)	261		261
	(3,487)		(3,790)
			(676)
			(223)
	(139)		(390)
	(20)		(264)
(108)	5,617	(25)	5,620
	1		(720)
28	181		383
			(54)
(298)	639		341
(7)	8,327		8,320
	603		603
7	242		356
441			441
2,114	37,146	(14)	39,888
\$ 556	\$ 50,151	\$ 18	\$ 5,737

***Combining Statement of Cash Flows - All Enterprise Funds
For the Year Ended September 30, 1999
(In Thousands)***

	Cooper Green Hospital	County Nursing Home
Net Cash Provided/(Used) by Operating Activities Brought Forward	\$ (40,432)	\$ (4,556)
<u>Cash Flows from Non-Capital Financing Activities</u>		
Operating Transfers In	43,303	4,975
Operating Transfers Out	(39)	
Increase in Cash Deficit		
Received from Auxiliary Services	(10)	57
Indirect Cost	(1,585)	(368)
Net Cash Provided/(Used) by Non-Capital Financing Activities	41,669	4,664
<u>Cash Flows from Capital and Related Financing Activities</u>		
Interest Paid	(22)	
Acquisition of Fixed Assets	(1,316)	(128)
Proceeds from Warrant Issue		
Proceeds from Sale of Fixed Assets		2
Principal Payments		
Net Cash Provided/(Used) by Capital and Related Financing Activities	(1,338)	(126)
<u>Cash Flows from Investing Activities</u>		
Interest and Dividend Income	58	
Net Cash Provided/(Used) by Investing Activities	58	
Net Increase/(Decrease) in Cash and Cash Equivalents	(43)	(18)
Cash and Investments, Beginning of Year	62	105
Cash and Investments, End of Year	\$ 19	\$ 87

Landfill Operations	Sanitary Operations	Parking Deck	Totals Current Year
\$ 556	\$ 50,151	\$ 18	\$ 5,737
			48,278
(1,242)	(31)		(1,312)
3,123			3,123
4	7		58
(171)	(1,597)	(26)	(3,747)
1,714	(1,621)	(26)	46,400
			(838)
(838)	(62,504)		(63,364)
(1,493)	(203,479)	(8)	(206,424)
	944,692		944,692
61	47		110
	(6,820)		(6,820)
(2,270)	671,936	(8)	668,194
	34,368	1	34,427
	34,368	1	34,427
	754,834	(15)	754,758
	217,577	54	217,798
\$	\$ 972,411	\$ 39	\$ 972,556

Combining Balance Sheet
All Internal Service Funds
September 30, 1999
(In Thousands)

	Risk Management Fund	Personnel Board Fund	Elections Fund
ASSETS			
Cash and Investments	\$ 8,348	\$	\$ 76
Accounts Receivable, Net			
Due from Other Funds		4	
Due from Other Governments		2,194	318
Inventories			
Prepaid Expenses	56		
Fixed Assets, Net Where Applicable	256	210	139
TOTAL ASSETS	8,660	2,408	533
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Cash Deficit		2,003	
Accounts Payable	67		1
Other Payables		1	
Accrued Payroll and Taxes	26	126	15
Estimated Liability for Compensated Absences	45	278	47
Estimated Claims Liability	3,037		
TOTAL LIABILITIES	3,175	2,408	63
FUND EQUITY			
Unreserved Retained Earnings	5,485		470
TOTAL FUND EQUITY	5,485		470
TOTAL LIABILITIES AND FUND EQUITY	\$ 8,660	\$ 2,408	\$ 533

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year	
\$	\$	1 \$	117 \$	\$	23 \$	8,565
					15	15
1	7	1	11	139	4	2,671
	301	3	137	623		1,064
					56	
2,419	2,341	245	141	5,999		11,750
2,420	2,650	366	289	6,799		24,125
			105			2,108
70	210	1	18	94		461
1			19	89		110
104	139	27	13	439		889
312	345	68	26	1,119		2,240
						3,037
487	694	96	181	1,741		8,845
1,933	1,956	270	108	5,058		15,280
1,933	1,956	270	108	5,058		15,280
\$ 2,420	\$ 2,650	\$ 366	\$ 289	\$ 6,799	\$	24,125

***Combining Statement of Revenues, Expenses and Changes in Fund
Equity - All Internal Service Funds
For the Year Ended September 30, 1999
(In Thousands)***

	Risk Management Fund	Personnel Board Fund	Elections Fund
<u>Operating Revenues</u>			
Intergovernmental	\$	\$ 2,469	\$ 903
Charges for Services	2,257		
Total Operating Revenues	2,257	2,469	903
<u>Operating Expenses</u>			
Salaries	442	1,991	349
Employee Benefits and Payroll Taxes	436	427	46
Utilities	7		6
Supplies	8	60	7
Depreciation and Amortization	9	86	44
Outside Services	592	418	4
Office Expense	1,150	212	15
Miscellaneous		295	7
Total Operating Expenses	2,644	3,489	478
Operating Income (Loss)	(387)	(1,020)	425
<u>Nonoperating Revenues (Expenses)</u>			
Interest Revenue	167		
Miscellaneous Revenue	312	2	
Indirect Cost		(77)	(76)
Gain on Sale of Fixed Assets			
Loss on Sale of Fixed Assets		(7)	
Indirect Cost Recovery		820	
Total Nonoperating Revenues (Expenses)	479	738	(76)
Income (Loss) Before Operating Transfers	92	(282)	349
<u>Operating Transfers</u>			
Operating Transfers In		256	
Operating Transfers Out			
Total Operating Transfers		256	
Net Income	92	(26)	349
Fund Equity at beginning of year	5,393	26	121
Fund Equity at end of year	\$ 5,485	\$	\$ 470

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$ 528	\$ 1,577	\$ 999	\$ 578	\$ 391	\$ 3,763
528	1,577	999	578	12,967	18,906
				13,358	22,669
1,831	2,366	463	225	7,074	14,741
373	554	126	56	1,679	3,697
	99	180	1	2,909	3,202
162	1,973	31	218	1,399	3,858
452	218	43	39	309	1,200
2,479	142	162	55	650	4,502
145	23		5	29	1,579
744	35	47	65	897	2,090
6,186	5,410	1,052	664	14,946	34,869
(5,658)	(3,833)	(53)	(86)	(1,588)	(12,200)
	4	4		69	244
	2	1	89	47	453
(165)		(118)			(436)
1	1			1	3
	(2)		(1)		(10)
2,974	3,484		12	6,155	13,445
2,810	3,489	(113)	100	6,272	13,699
(2,848)	(344)	(166)	14	4,684	1,499
3,759	320			6	4,341
				(5,500)	(5,500)
3,759	320			(5,494)	(1,159)
911	(24)	(166)	14	(810)	340
1,022	1,980	436	94	5,868	14,940
\$ 1,933	\$ 1,956	\$ 270	\$ 108	\$ 5,058	\$ 15,280

***Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended September 30, 1999
(In Thousands)***

	Risk Management Fund	Personnel Board Fund	Elections Fund
<u>Cash Flows from Operating Activities</u>			
Operating Income (Loss)	\$ (387)	\$ (1,020)	\$ 425
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>			
Depreciation	9	86	44
(Increase)/Decrease in Accounts Receivable			
(Increase)/Decrease in Prepaid Items	5		
(Increase)/Decrease in Due from Governmental Units		(142)	(318)
(Increase)/Decrease in Due from Other Funds		(4)	
(Increase)/Decrease in Inventory			
Increase/(Decrease) in Accounts Payable	10	(14)	(1)
Increase/(Decrease) in Other Accounts Payable		1	
Increase/(Decrease) in Accrued Payroll and Taxes	2	23	1
Increase/(Decrease) in Compensated Absences Payable	13	25	(4)
Increase/(Decrease) in Estimated Claims Liability	1,197		
Total Adjustments	<u>1,236</u>	<u>(25)</u>	<u>(278)</u>
Net Cash Provided/(Used) by Operating Activities			
Carried Forward	\$ 849	\$ (1,045)	\$ 147

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$ (5,658)	\$ (3,833)	\$ (53)	\$ (86)	\$ (1,588)	(12,200)
452	218	43	39	309	1,200
				4	4
					5
1	73		(10)	(11)	(407)
	70	11	17	(12)	(4)
(387)	29	(25)	(22)	(233)	86
1			19	89	(643)
					110
12	(11)	1	1	64	93
11	12		6	47	110
					1,197
90	391	30	50	257	1,751
\$ (5,568)	\$ (3,442)	\$ (23)	\$ (36)	\$ (1,331)	(10,449)

***Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended September 30, 1999
(In Thousands)***

	Risk Management Fund	Personnel Board Fund	Elections Fund
Net Cash Provided/(Used) by Operating Activities			
Brought Forward	\$ 849	\$ (1,045)	\$ 147
<u>Cash Flows from Non-Capital Financing Activities</u>			
Operating Transfers In		256	
Operating Transfers Out			
Increase/(Decrease) in Cash Deficit		80	
Received from Auxiliary Services	312	1	
Indirect Cost Recovery		820	
Indirect Cost		(77)	(76)
Net Cash Provided/(Used) by Non-Capital Financing Activities	312	1,080	(76)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Gain on Sale of Fixed Assets			
Acquisition of Fixed Assets	(227)	(35)	
Net Cash Provided/(Used) by Capital and Related Financing Activities	(227)	(35)	
<u>Cash Flows from Investing Activities</u>			
Interest and Dividend Income	167		
Net Cash Provided/(Used) by Investing Activities	167		
Net Increase/(Decrease) in Cash and Cash Equivalents	1,101		71
Cash and Investments, Beginning of Year	7,247		5
Cash and Investments, End of Year	\$ 8,348	\$	\$ 76

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$ (5,568)	\$ (3,442)	\$ (23)	\$ (36)	\$ (1,331)	\$ (10,449)
3,759	320			6	4,341
	(222)		(12)	(5,500)	(5,500)
	4	1	89	47	154
2,974	3,484		12	6,155	13,445
(165)		(118)			(436)
6,568	3,586	(117)	89	708	12,150
1	1			1	3
(1,340)	(148)		(53)	(317)	(2,120)
(1,339)	(147)		(53)	(316)	(2,117)
	4	4		69	244
	4	4		69	244
(339)	1	(136)		(870)	(172)
339		253		893	8,737
\$	\$	\$	\$	\$	\$
	1	117		23	8,565

***Combining Balance Sheet
All Fiduciary Fund Types
September 30, 1999
(In Thousands)***

	Expendable Trust Funds	
	Stormwater Management Authority Fund	City of Birmingham Revolving Loan Fund
ASSETS		
Cash and Investments	\$ 389	\$ 531
Loans Receivable, Net		670
Interest Receivable		
Contributions Receivable		
Fixed Assets, Net Where Applicable	130	
TOTAL ASSETS	<u>519</u>	<u>1,201</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts Payable	25	
Due to Other Funds	341	
Accrued Payroll and Taxes	28	
Estimated Liability for Compensated Absences	96	
TOTAL LIABILITIES	<u>490</u>	
FUND EQUITY		
Fund Balances:		
Reserved for:		
Loans Receivable		670
Trust Requirements		531
Contingent Refunds		
Retirement/Disability Benefits		
Unreserved	29	
TOTAL FUND EQUITY	<u>29</u>	<u>1,201</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 519</u>	<u>\$ 1,201</u>

Pension Trust Fund

General Retirement System		Totals Current Year	
\$	590,347	\$	591,267
			670
	4,682		4,682
	550		550
			130
	<u>595,579</u>		<u>597,299</u>

	362		387
			341
			28
			96
	<u>362</u>		<u>852</u>

			670
			531
	57,453		57,453
	537,764		537,764
			29
	<u>595,217</u>		<u>596,447</u>
\$	<u>595,579</u>	\$	<u>597,299</u>

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Expendable Trust Funds
For the Year Ended September 30, 1999
(In Thousands)***

	Stormwater Management Authority Fund	City of Birmingham Revolving Loan Fund	Totals Current Year
REVENUES			
Intergovernmental	\$ 2,035	\$	\$ 2,035
Investment Income	69		69
Miscellaneous	80	45	125
TOTAL REVENUES	2,184	45	2,229
EXPENDITURES			
General Government	1,562		1,562
Capital Outlay	43		43
TOTAL EXPENDITURES	1,605		1,605
Excess of Revenues over (under) expenditures	579	45	624
Fund balances at beginning of year, as restated	(550)	1,156	606
Fund balances at end of year	\$ 29	\$ 1,201	\$ 1,230

Supplementary Information

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 1999***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
<u>U.S. Department of Housing and Urban Development</u>		
<u>Direct Program</u>		
Community Development Block Grants/ Entitlement Grants	14.218	B93-UC-01-0001
	14.218	B95-UC-01-0001
	14.218	B96-UC-01-0001
	14.218	B97-UC-01-0001
	14.218	B98-UC-01-0001
Revolving Loan Funds	14.218	
Sub-Total Community Development Block Grants/ Entitlement Grants (M)		
HOME Investment Partnerships Program	14.239	M94-UC-01-0202
	14.239	M95-UC-01-0202
	14.239	M96-UC-01-0202
	14.239	M97-UC-01-0202
	14.239	M98-UC-01-0202
Sub-Total HOME Program		
Lead - Based Paint Hazard Control in Privately - Owned Housing (M)	14.900	ALLAGOO65-97
Emergency Shelter Grants Program	14.231	S-97-UC-01-0001
	14.231	S-98-UC-01-0001
Sub-Total Emergency Shelter Grants Program (Direct Program)		
<u>U.S. Department of Housing and Urban Development</u>		
<u>Passed Through Alabama Department of Economic and Community Affairs</u>		
Emergency Shelter Grants Program	14.231	ESG-97-036
	14.231	ESG-98-036
	14.231	ESG-99-036
	14.231	ESG-PREV-99-036
Sub-Total Emergency Shelter Grants Program (Passed Through)		
Total Emergency Shelter Grants Program		
Total U.S. Department of Housing and Urban Development		
Sub-Total Forward		

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
10-1-93 To 9-30-99	\$ 3,272,000	\$ 3,272,000	\$	\$ 298,556
10-1-95 To 9-30-99	3,219,000	3,219,000		152,798
10-1-96 To 9-30-99	3,118,000	3,118,000	798,250	194,640
10-1-97 To 9-30-99	2,838,000	2,838,000	2,495,184	1,024,781
10-1-98 To 9-30-99	2,729,000	2,729,000		1,622,659
10-1-98 To 9-30-99				2,766,914
	<u>15,176,000</u>	<u>15,176,000</u>	<u>3,293,434</u>	<u>6,060,348</u>
10-1-94 To 9-30-99	1,156,250	925,000	332,323	332,323
10-1-95 To 9-30-99	1,245,000	996,000	17,137	17,137
10-1-96 To 9-30-99	1,145,000	916,000	74,831	74,831
10-1-97 To 9-30-99	1,118,750	895,000	215,946	215,946
10-1-98 To 9-30-99	1,176,250	941,000		
	<u>5,841,250</u>	<u>4,673,000</u>	<u>640,237</u>	<u>640,237</u>
6-18-97 To 9-30-99	1,116,255	1,014,778	477,137	477,137
10-1-97 To 9-30-99	162,000	81,000	31,385	31,385
10-1-98 To 9-30-99	216,000	108,000	107,733	107,733
	<u>378,000</u>	<u>189,000</u>	<u>139,118</u>	<u>139,118</u>
6-3-97 To 6-2-99	383,000	191,500	17,050	17,050
10-1-97 To 9-30-98	400,000	200,000	187,389	187,389
10-1-98 To 9-30-99	342,000	171,000	12,342	12,342
10-1-98 To 9-30-99	58,000	29,000		
	<u>1,183,000</u>	<u>591,500</u>	<u>216,781</u>	<u>216,781</u>
	<u>1,561,000</u>	<u>780,500</u>	<u>355,899</u>	<u>355,899</u>
	<u>23,694,505</u>	<u>21,644,278</u>	<u>4,766,707</u>	<u>7,533,621</u>
	\$ 23,694,505	\$ 21,644,278	\$ 4,766,707	\$ 7,533,621

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 1999***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
<u>U.S. Department of Agriculture</u>		
<u>Passed Through Alabama Department of Education</u>		
Nutrition Cluster:		
School Breakfast Program	10.553	
National School Lunch Program	10.555	
Sub-Total Child Nutrition Cluster		
Food Distribution (N)	10.550	
Sub-Total Passed Through Alabama Department of Education		
<u>Passed Through Alabama Commission on Aging</u>		
Commodity Supplemental Food Program	10.570	
Total U.S. Department of Agriculture		
<u>U.S. Department of Health and Human Services</u>		
<u>Direct Program</u>		
Grants to Provide Outpatient Early Intervention Services With Respect to HIV Disease	93.918 93.918	6H76HA00098-061 6H76HA00098-06
Sub-Total		
<u>Passed Through Alabama Commission on Aging</u>		
Aging Cluster:		
Special Programs for the Aging		
Title III, Part B - Grants for Supportive Services and Senior Centers - Administrative	93.044	03-01-09-03a
Title III, Part B - Grants for Supportive Services and Senior Centers - Social Services	93.044	03-01-09-03a
Sub-Total Title III, Part B		
Title III, Part C - Congregate Nutrition Services	93.045	03-01-03-03a
Title III, Part C - In Home Nutrition Services	93.045	03-01-03-03a
Sub-Total Title III, Part C		
Total Aging Cluster		
Title III, Part D - In Home Services for Frail Older Individuals	93.046	03-01-03-03a
Title III, Part F - Disease Prevention and Health Promotion Services	93.043	03-01-03-03a
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	03-01-03-03a
Sub-Total Forward		

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 23,694,505	\$ 21,644,278	\$ 4,766,707	\$ 7,533,621
10-1-98 To 9-30-99	38,356	38,356	36,290	36,290
10-1-98 To 9-30-99	66,300	66,300	65,756	65,756
	104,656	104,656	102,046	102,046
10-1-98 To 9-30-99	5,383	5,383	5,383	5,383
	110,039	110,039	107,429	107,429
10-1-98 To 9-30-99	195,356	195,356	195,356	195,356
	305,395	305,395	302,785	302,785
1-1-99 To 12-31-99	127,520	127,520	127,520	127,520
1-1-99 To 12-31-99	1,430,353	483,816	378,019	378,019
	1,557,873	611,336	505,539	505,539
10-1-98 To 9-30-01	95,609	67,727	52,919	52,919
10-1-98 To 9-30-01	398,052	338,364	241,162	241,162
	493,661	406,091	294,081	294,081
10-1-98 To 9-30-01	725,784	616,953	494,021	494,021
10-1-98 To 9-30-01	219,559	186,636	411,159	411,159
	945,343	803,589	905,180	905,180
	1,439,004	1,209,680	1,199,261	1,199,261
10-1-98 To 9-30-01	19,069	16,210	15,876	15,876
10-1-98 To 9-30-01	31,493	26,771	70,477	70,477
10-1-97 To 9-30-99	9,731	8,272	14,565	14,565
	\$ 27,057,070	\$ 23,821,942	\$ 6,875,210	\$ 9,642,124

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 1999***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	03-01-03-03a
<u>Passed Through Administrative Office of Courts</u>		
Grants to States for Access and Visitation	93.597	98-AV-01
Total U.S. Department of Health and Human Services		
<u>U.S. Department of Labor</u>		
<u>Direct Program</u>		
Senior Community Service	17.235	D-6135-7-00-81-55
Employment Program	17.235	05-502-99-3A
Total U.S. Department of Labor		
<u>Federal Emergency Management Agency</u>		
<u>Passed Through Alabama Emergency</u>		
<u>Management Agency</u>		
State and Local Emergency Management Assistance	83.534	99-SLA-01
Public Assistance Grants	83.544 83.544	FEMA-1214-DR-AL, PA 5% Hazard Mitigation Grant
Sub-Total Public Assistance Grants		
Chemical Stockpile Emergency Preparedness Program	83.549	99-CSP-01
Total Federal Emergency Management Agency		
<u>U.S. Department of Justice</u>		
<u>Direct Program</u>		
Local Law Enforcement Block Grants Program	16.592	1999LBVX4219
<u>Passed Through City of Sylvan Springs</u>		
COPS Universal Hiring Program	16.710	98-UM-WX-2075
<u>Passed Through Alabama Department</u>		
<u>of Economic and Community Affairs</u>		
Part E - State Challenge Activities	16.549 16.549	97-JE-JC-002 98-JE-JH-002
Sub-Total Part E-State Challenge Activities		
Sub-Total Forward		

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 27,057,070	\$ 23,821,942	\$ 6,875,210	\$ 9,642,124
10-1-98 To 9-30-01	15,315	13,019	8,981	8,981
4-1-99 To 6-30-00	30,000	30,000		15,000
	<u>3,102,485</u>	<u>1,915,288</u>	<u>1,814,699</u>	<u>1,829,699</u>
7-1-98 To 6-30-99	520,072	520,072	428,574	428,574
7-1-99 To 6-30-00	171,907	171,907	170,730	170,730
	<u>691,979</u>	<u>691,979</u>	<u>599,304</u>	<u>599,304</u>
10-1-98 To 9-30-99	89,596	56,021	56,021	56,021
10-1-98 To 9-30-99	5,357,587	4,032,298	3,760,287	3,760,287
10-1-98 To 9-30-99	36,998	36,998	36,998	36,998
	<u>5,394,585</u>	<u>4,069,296</u>	<u>3,797,285</u>	<u>3,797,285</u>
10-1-98 To 9-30-99	71,713	71,713	47,511	47,511
	<u>5,555,894</u>	<u>4,197,030</u>	<u>3,900,817</u>	<u>3,900,817</u>
10-1-98 To 9-30-00	905,319	905,319	905,319	905,319
4-1-98 To 3-31-01	556,880	375,000	178,770	178,770
3-1-97 To 9-30-98	70,114	70,114	16,645	16,645
8-1-98 To 7-31-99	135,800	135,800	135,800	135,800
	<u>205,914</u>	<u>205,914</u>	<u>152,445</u>	<u>152,445</u>
	\$ 35,018,371	\$ 30,240,203	\$ 12,620,846	\$ 15,402,760

***Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 1999***

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number
Sub-Total Brought Forward		
Violent Offenders Incarceration and Truth in Sentencing Incentive Grant Total U.S. Department of Justice	16.586	96-CV-LCL-005
<u>U.S. Department of Commerce</u>		
<u>Direct Program</u>		
Economic Development-Technical Assistance	11.303	04-39-03391.02
<u>General Services Administration</u>		
<u>Passed Through Alabama Department of Economic and Community Affairs</u>		
Donation of Federal Surplus Personal Property (N)	39.003	
<u>Corporation for National and Community Service</u>		
AmeriCorps	94.006	94ASCAL0011401
Volunteers in Service to America	94.013	332S204/01
Total Corporation for National and Community Service		
Total Expenditures of Federal Awards		

(M) = Major Program
(N) = Non-cash Assistance

The accompanying Notes to the Schedule of Expenditures of Federal Awards is an integral part of this schedule.

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 35,018,371	\$ 30,240,203	\$ 12,620,846	\$ 15,402,760
12-15-98 To 12-14-99	325,160	292,644	25,673	25,673
	1,993,273	1,778,877	1,262,207	1,262,207
7-25-86 To 9-30-99	2,400,000	1,200,000		562,889
10-1-98 To 9-30-99	1,928	1,928	1,928	1,928
8-1-98 To 12-31-99	333,097	224,770		113,612
6-1-98 To 7-31-00	1,000	1,000	673	673
	334,097	225,770	673	114,285
	\$ 38,079,556	\$ 31,960,545	\$ 12,649,120	\$ 16,107,535

**Notes to the Schedule of Expenditures
of Federal Awards
For the Year Ended September 30, 1999**

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Jefferson County Commission and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the primary government financial statements.

Note 2 – Other

Jefferson County issues loans through the Community Development Office for eligible recipients. The following loans were outstanding at September 30, 1999:

		Loans Outstanding	Less: Allowance for Doubtful Accounts	Net Loans Outstanding
Community Development Block Grants/Entitlement Grants	CFDA #14.218	\$2,686,629	\$(100,367)	\$2,586,262
Economic Development Technical Assistance	CFDA #11.303	\$ 494,794	\$ (50,244)	\$ 444,550

Additional Information

Commission Members and Administrative Personnel

October 1, 1998 through September 30, 1999

<u>Commission Members</u>		<u>Term Expires</u>
Hon. Gary White, President	Room A680 Jefferson County Courthouse Birmingham, AL 35263	2002
Hon. Bettye Fine Collins, Member	Room A630 Jefferson County Courthouse Birmingham, AL 35263	2002
Hon. Jeff Germany, Member	Room A660 Jefferson County Courthouse Birmingham, AL 35263	2002
Hon. Chris McNair, Member	Room A640 Jefferson County Courthouse Birmingham, AL 35263	2002
Hon. Mary M. Buckelew, Member	Room A690 Jefferson County Courthouse Birmingham, AL 35263	2002
 <u>Administrative Personnel</u>		
Mr. Steve Saylor, Finance Director	Room 810 Jefferson County Courthouse Birmingham, AL 35263	
Mr. Travis Hulseay, Assistant Finance Director	Room 810 Jefferson County Courthouse Birmingham, AL 35263	
Mr. Danny Panos, Chief Accountant	Room 820 Jefferson County Courthouse Birmingham, AL 35263	

***Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards***

We have audited the financial statements of the Jefferson County Commission (the "Commission") as of and for the year ended September 30, 1999, and have issued our report thereon dated March 1, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Commission in the Report to the Chief Examiner.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting 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 over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 99-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

***Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of Financial
Statements Performed in Accordance With
Government Auditing Standards***

This report is intended solely for the information and use of management, other state officials, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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

March 1, 2000

Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Compliance

We have audited the compliance of the Jefferson County Commission with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 1999. The Jefferson County Commission's major federal programs are identified in the Summary of Examiner's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Jefferson County Commission's management. Our responsibility is to express an opinion on the Jefferson County Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Jefferson County Commission's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Jefferson County Commission's compliance with those requirements.

In our opinion, the Jefferson County Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 1999.

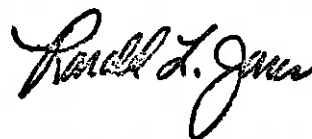
Internal Control Over Compliance

The management of the Jefferson County Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Jefferson County Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

***Report on Compliance With Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance With OMB Circular A-133***

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited 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 over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, other state officials, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ronald L. Jones
Chief Examiner

Department of Examiners of Public Accounts

March 1, 2000

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 1999

Section I - Summary of Examiner's Results

Financial Statements

Type of opinion issued: Unqualified
 Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X No
 Reportable condition(s) identified that are
 not considered to be material weakness(es)? X Yes _____ None reported
 Noncompliance material to financial
 statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ Yes X No
 Reportable condition(s) identified that are not
 considered to be material weakness(es)? _____ Yes X None reported
 Type of opinion issued on compliance for
 major programs: Unqualified
 Any audit findings disclosed that are required
 to be reported in accordance with
 Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing

Dollar threshold used to distinguish Between
 Type A and Type B programs: \$383,332
 Auditee qualified as low-risk auditee? X Yes _____ No

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 1999

Section II – Financial Statement Findings (GAGAS)

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
99-1	Internal Control	<p>Finding: Procedures were not in place to ensure compliance with all contract provisions between the Commission and Bessemer Water Service for sewer billing services.</p> <p>Recommendation: Procedures should be implemented to ensure compliance with all contract provisions between the Commission and Bessemer Water Service for sewer billing services.</p>	

Section III – Federal Awards Findings and Questioned Costs

Ref. No.	CFDA No.	Program	Finding/Noncompliance	Questioned Costs
			No matters were reportable	

Auditee Response/Corrective Action Plan

JEFFERSON COUNTY COMMISSION



GARY WHITE

PRESIDENT

680-A Courthouse, Birmingham, Alabama 35263-0055
Telephone (205) 325-5503

March 15, 1999

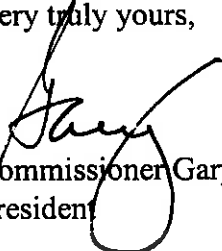
VIA FAX: 334-242-1775

Mr. Ronald L. Jones
Chief Examiner
State of Alabama Department of
Examiners of Public Accounts
P.O. Box 302251
Montgomery, Alabama 36130-2251

Dear Mr. Jones:

Attached is the information required in reference to Mr. Mike Scroggins' letter dated March 14, 2000.

Very truly yours,



Commissioner Gary White
President

Enclosure

cc: Steve Saylor

**Corrective Action Plan
For the Year Ended September 30, 1999**

As required by the Office of Management and Budget (OMB) Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organization*, Section __.315(b), Jefferson County has prepared and hereby submits the following Correction Action Plan for the findings included in the Schedule of Findings and Questioned Costs for the year ended September 30, 1999.

Finding #99-1: Procedures were not in place to ensure compliance with all contract provisions between the Commission and Bessemer Water Service for sewer billing services.

Response: The County test checks various transactions with the Water Service. Although we cannot force them to improve their operations, we feel these compensating controls will help uncover most material problems with the Water Service.

**Other Matters in Report to the Chief Examiner
For the Year**

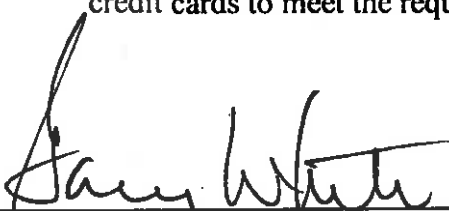
Finding: At September 30, 1999, the following funds have deficit fund balances:

Road Fund	\$3,002,000
Road Construction	\$ 483,000

Response: The Jefferson County Commission supplements the Road operations from the General Fund. The Commission transfers the supplementary cash at appropriate times during the fiscal year and we will not overfund the Road Fund cash account in order to eliminate the fund balance deficit. The plans to consolidate the Road Fund with the General Fund during fiscal year 2000 which will eliminate this finding in the future. We will maintain cash accounts with a zero balance for funds that are not self sustaining. We will not overfund the fund's accounts in order to eliminate the fund balance deficits.

Finding: The Alabama Competitive Bid Law requires that entities obtain competitive bids for purchases of goods and services costing \$7,500.00 or more. The Commission bid gasoline and fuel for a period of three years and awarded the bid to a local vendor. However, the Commission made purchases of gasoline totaling \$19,520.68 from another vendor.

Response: The Commission currently plans to discontinue the District Attorney's use of credit cards to meet the requirements of the bid law.



Gary White, President

