

Report on the

# Jefferson County Commission

Jefferson County, Alabama

October 1, 1997 Through September 30, 1998

Filed: MAR 05 1999



## 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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State of Alabama  
Department of  
**Examiners of Public Accounts**

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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, 1997 through September 30, 1998.

**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 5); Notes to the Financial Statements; combining financial statements (Exhibits 6 through 16); a Schedule of Expenditures of Federal Awards (Exhibit 17), 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 18) 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 19) – 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 20) – 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 21) – 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.

**Summary Schedule of Prior Audit Findings** (Exhibit 22) – a report, prepared by the Commission, on the status of all audit findings included in the prior audit’s Schedule of Findings and Questioned Costs relative to federal awards.

**Auditee Response/Corrective Action Plan** (Exhibit 23) – 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.

### **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.

### **STATUS OF PRIOR AUDIT FINDINGS**

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

- ◆ At September 30, 1998, the following funds had deficit fund balances:

Road Fund	\$3,082,000
Stormwater Management Authority Fund	\$ 550,000



- ◆ Several new employees did not have I-9 Forms on file. Also, of the four contract workers tested, it appeared that, in accordance with IRS regulations, all should have been classified as Commission employees rather than independent contractors.
- ◆ 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 \$13,652.41 from another vendor.

**RECOMMENDATIONS**

- ◆ The Commission should eliminate deficit fund balances.
- ◆ The Commission should comply with IRS regulations concerning I-9 Forms and contract employees.
- ◆ The Commission should comply with the provisions of the State of Alabama Competitive Bid Law.

Sworn to and subscribed before me this  
the 15<sup>th</sup> day of March, 19 99.

Delana E. Dollyhigh  
Notary Public

Respectfully submitted,

James A. Kirkland

James A. Kirkland  
Examiner of Public Accounts

Sworn to and subscribed before me this  
the 15<sup>th</sup> day of March, 19 99.

Delana E. Dollyhigh  
Notary Public

Yvonne Searcy Law  
Yvonne Searcy-Law  
Examiner of Public Accounts

Sworn to and subscribed before me this  
the 15<sup>th</sup> day of March, 19 99.

Delana E. Dollyhigh  
Notary Public

Roderick Edwards

Roderick Edwards  
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, 1998, as listed in the table of contents as Exhibits 1 through 5. 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.

Except as discussed in the following paragraph, 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Jefferson County Commission has included such disclosures in Note 25. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support Jefferson County Commission's disclosures with respect to the year 2000 issue made in Note 25. Further, we do not provide assurance that the Jefferson County Commission is or will be year 2000 ready, that the Jefferson County Commission's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Jefferson County Commission does business will be year 2000 ready.

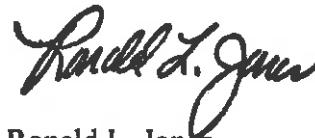
A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, 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, 1998, 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, 1998, 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 January 29, 1999 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 17) 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 6 through 16) 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.



Ronald L. Jones  
Chief Examiner

Department of Examiners of Public Accounts

January 29, 1999





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**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**September 30, 1998**  
**(In Thousands)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS</b>				
Cash and Investments	\$ 72,203	\$ 10,218	\$ 27,256	\$ 36,316
Accounts Receivable, Net	44			15
Patient Accounts Receivable, Net				
Loans Receivable, Net		3,742		
Interest Receivable		11		
Contributions Receivable				
Other Receivables				
Due from Other Funds	1,391			
Due from Other Governmental Units	12,275	5,683		
Inventories	196	1,957		
Prepaid Items				
Fixed Assets, Net Where Applicable				
Warrant Issuance Costs				
Deferred Loss on Early Debt Retirement				
Amounts Available in Debt Service Fund				
Amount to Be Provided for Retirement of General Long-Term Debt				
Accreted Interest in General Obligation Warrants				
Amount to Be Provided for Payment of Compensated Absences				
<b>TOTAL ASSETS</b>	<b>\$ 86,109</b>	<b>\$ 21,611</b>	<b>\$ 27,256</b>	<b>\$ 36,331</b>

Proprietary Fund Types		Fiduciary Fund Type Trust	Account Groups		Totals (Memorandum Only) Current Year
Enterprise	Internal Service		General Fixed Assets	General Long-Term Debt	
\$ 217,798	\$ 8,737	\$ 538,756	\$	\$	911,284
8,325	20				8,404
7,265					7,265
		4,524			3,742
		526			4,535
		6			526
					6
1,176	2,264				1,391
1,120	1,148				21,398
	60				4,421
655,669	10,841	39	307,228		60
16,773					973,777
4,138					16,773
				27,256	4,138
					27,256
				151,629	151,629
				9,305	9,305
				9,141	9,141
<b>\$ 912,264</b>	<b>\$ 23,070</b>	<b>\$ 543,851</b>	<b>\$ 307,228</b>	<b>\$ 197,331</b>	<b>\$ 2,155,051</b>

***Combined Balance Sheet***  
***All Fund Types and Account Groups***  
***September 30, 1998***  
***(In Thousands)***

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>				
Cash Deficit	\$		\$ 221	\$
Accounts Payable	1,036	5,856		2,167
Interest Payable			2,983	
Other Accounts Payable				
Deposits Payable	4			
Accrued Payroll and Taxes	4,422	871		
Retainage Payable				1,412
Due to Other Funds				
Due to Other Governmental Units	91	43		
Deferred Revenues		241		
Accrued Compensated Absences	711	265		
Bonds and Warrants Payable				
Estimated Liability for Postclosure Landfill Costs				
Estimated Claims Liability				
<b>TOTAL LIABILITIES</b>	<b>6,264</b>	<b>7,497</b>	<b>2,983</b>	<b>3,579</b>
<b>FUND EQUITY</b>				
Retained Earnings:				
Reserved for Contingencies				
Unreserved				
Investment in General Fixed Assets				
Fund Balances:				
Reserved for:				
Encumbrances	2,602	6,761		10,184
Inventories	196	1,957		
Debt Service			24,273	
Petty Cash	61			
Loans Receivable		3,742		
Mapping and Appraisal	595			
E-911	564			
Contingent Refunds				
Retirement/Disability Benefits				
Cooper Green Hospital Foundation		379		
Unreserved	75,827	1,275		22,568
<b>TOTAL FUND EQUITY</b>	<b>79,845</b>	<b>14,114</b>	<b>24,273</b>	<b>32,752</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 86,109</b>	<b>\$ 21,611</b>	<b>\$ 27,256</b>	<b>\$ 36,331</b>

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

Proprietary Fund Types		Fiduciary Fund Type Trust	Account Groups		Totals (Memorandum Only) Current Year
Enterprise	Internal Service		General Fixed Assets	General Long-Term Debt	
\$ 9,485	\$ 2,261	\$	\$	\$	11,967
21,397	1,104	155			31,715
5,545					8,528
1,533					1,533
93					97
2,628	795	22			8,738
3,343					4,755
		1,391			1,391
					134
					241
5,242	2,130	40		9,141	17,529
626,100				188,190	814,290
2,652					2,652
	1,840				1,840
678,018	8,130	1,608		197,331	905,410
	5,393				5,393
234,246	9,547				243,793
		39	307,228		307,267
					19,547
					2,153
					24,273
					61
					3,742
					595
					564
		53,187			53,187
		489,606			489,606
					379
		(589)			99,081
234,246	14,940	542,243	307,228		1,249,641
\$ 912,264	\$ 23,070	\$ 543,851	\$ 307,228	\$ 197,331	\$ 2,155,051

***Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds For the Year Ended September 30, 1998 (In Thousands)***

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<b>REVENUES</b>			
Taxes	\$ 54,610	\$ 67,136	\$
Licenses and Permits	52,657		
Intergovernmental	17,805	17,517	579
Charges for Services	18,303	448	9
Indirect Cost Recovery	6,988		
Investment Income	9,551	858	1,303
Interest Income			
Miscellaneous	170	774	
<b>TOTAL REVENUES</b>	<b>160,084</b>	<b>86,733</b>	<b>1,891</b>
<b>EXPENDITURES</b>			
Current:			
General Government	43,002	7,512	
Public Safety	48,381	734	
Highways and Streets		30,877	
Sanitation			
Health and Welfare	711	6,204	
Culture and Recreation	13,147		
Education	170		
Capital Outlay	1,834	3,743	
Debt Service:			
Principal Retirement			11,209
Interest and Fiscal Charges			10,398
Indirect Cost	11,112	396	
<b>TOTAL EXPENDITURES</b>	<b>118,357</b>	<b>49,466</b>	<b>21,607</b>
Excess (deficiency) of revenues over expenditures	41,727	37,267	(19,716)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	3,071	18,381	21,672
Proceeds from Sale of Fixed Assets	111	97	
Proceeds from Bond Issuance			
Issuance Costs			
Operating Transfers Out	(20,850)	(56,790)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(17,668)</b>	<b>(38,312)</b>	<b>21,672</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	24,059	(1,045)	1,956
Fund Balances at beginning of year,			
As Restated (See Note 21)	55,786	15,159	22,317
Fund Balances at end of year	\$ 79,845	\$ 14,114	\$ 24,273

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

Jefferson County

Commission

Capital Projects	Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only) Current Year
\$	\$	\$ 121,746
		52,657
32	2,458	38,391
962		19,722
		6,988
491		12,203
	73	73
17		961
<u>1,502</u>	<u>2,531</u>	<u>252,741</u>
2,513	948	53,975
		49,115
4,639		35,516
1		1
		6,915
113		13,260
		170
16,342		21,919
		11,209
49		10,447
		11,508
<u>23,657</u>	<u>948</u>	<u>214,035</u>
(22,155)	1,583	38,706
7,363	124	50,611
		208
50,000		50,000
(50)		(50)
(9,245)		(86,885)
<u>48,068</u>	<u>124</u>	<u>13,884</u>
25,913	1,707	52,590
6,839	(2,257)	97,844
<u>\$ 32,752</u>	<u>\$ (550)</u>	<u>\$ 150,434</u>

**Combined Statement of Revenues, Expenditures and Changes in Fund  
Balances - Budget and Actual - All Governmental Fund Types  
For the Year Ended September 30, 1998  
(In Thousands)**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes	\$ 52,537	\$ 54,610	\$ 2,073
Licenses and Permits	51,392	52,657	1,265
Intergovernmental	16,255	17,805	1,550
Charges for Services	16,755	18,303	1,548
Indirect Cost Recovery	7,579	6,988	(591)
Investment Income	1,822	9,551	7,729
Miscellaneous	222	170	(52)
<b>TOTAL REVENUES</b>	<b>146,562</b>	<b>160,084</b>	<b>13,522</b>
<b>EXPENDITURES</b>			
Current:			
General Government	46,904	43,002	3,902
Public Safety	47,430	48,381	(951)
Highways and Streets			
Sanitation			
Health and Welfare	711	711	
Culture and Recreation	13,059	13,147	(88)
Education	170	170	
Capital Outlay	2,106	1,834	272
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Indirect Cost	11,739	11,112	627
<b>TOTAL EXPENDITURES</b>	<b>122,119</b>	<b>118,357</b>	<b>3,762</b>
Excess (deficiency) of revenues over expenditures	24,443	41,727	17,284
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	1,733	3,071	1,338
Proceeds from Sale of Fixed Assets	89	111	22
Operating Transfers Out	(30,702)	(20,850)	9,852
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(28,880)</b>	<b>(17,668)</b>	<b>11,212</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(4,437)	24,059	28,496
Fund Balances at beginning of year, As Restated (See Note 21)	4,437	55,786	51,349
<b>Fund Balances at end of year</b>	<b>\$</b>	<b>\$ 79,845</b>	<b>\$ 79,845</b>



**Special Revenue Funds**

Budget	Actual	Variance Favorable (Unfavorable)
\$ 63,935	\$ 67,136	\$ 3,201
20,922	17,517	(3,405)
432	448	16
2,028	858	(1,170)
1,163	774	(389)
<u>88,480</u>	<u>86,733</u>	<u>(1,747)</u>
9,016	7,512	1,504
860	734	126
33,209	30,877	2,332
14,478	6,204	8,274
3,033	3,743	(710)
409	396	13
<u>61,005</u>	<u>49,466</u>	<u>11,539</u>
<u>27,475</u>	<u>37,267</u>	<u>9,792</u>
24,664	18,381	(6,283)
	97	97
<u>(60,409)</u>	<u>(56,790)</u>	<u>3,619</u>
<u>(35,745)</u>	<u>(38,312)</u>	<u>(2,567)</u>
(8,270)	(1,045)	7,225
7,149	15,159	8,010
<u>\$ (1,121)</u>	<u>\$ 14,114</u>	<u>\$ 15,235</u>

***Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types For the Year Ended September 30, 1998 (In Thousands)***

	Debt Service Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes	\$	\$	\$
Licenses and Permits			
Intergovernmental	580	579	(1)
Charges for Services	11	9	(2)
Indirect Cost Recovery			
Investment Income	989	1,303	314
Miscellaneous			
<b>TOTAL REVENUES</b>	<b>1,580</b>	<b>1,891</b>	<b>311</b>
<b>EXPENDITURES</b>			
Current:			
General Government			
Public Safety			
Highways and Streets			
Sanitation			
Health and Welfare			
Culture and Recreation			
Education			
Capital Outlay			
Debt Service:			
Principal Retirement	11,209	11,209	
Interest and Fiscal Charges	9,218	10,398	(1,180)
Indirect Cost			
<b>TOTAL EXPENDITURES</b>	<b>20,427</b>	<b>21,607</b>	<b>(1,180)</b>
Excess (deficiency) of revenues over expenditures	(18,847)	(19,716)	(869)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	21,672	21,672	
Proceeds from Bond Issue			
Proceeds from Sale of Fixed Assets			
Issuance Costs			
Operating Transfers Out			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>21,672</b>	<b>21,672</b>	
Excess (deficiency) of revenues over expenditures and other sources (uses)	2,825	1,956	(869)
Fund Balances at beginning of year,			
As Restated (See Note 21)		22,317	22,317
Fund Balances at end of year	\$ 2,825	\$ 24,273	\$ 21,448

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

**Capital Projects Funds**

Budget	Actual	Variance Favorable (Unfavorable)
\$	\$	\$
	32	32
1,280	962	(318)
177	491	314
122	17	(105)
1,579	1,502	(77)
6,042	2,513	3,529
108		108
4,757	4,639	118
1	1	
737		737
260	113	147
13,775	16,342	(2,567)
49	49	
25,729	23,657	2,072
(24,150)	(22,155)	1,995
7,363	7,363	
	50,000	50,000
	(50)	(50)
(6,620)	(9,245)	(2,625)
743	48,068	47,325
(23,407)	25,913	49,320
23,407	6,839	(16,568)
\$	\$	\$
	32,752	32,752

***Combined Statement of Revenues, Expenses and Changes in Fund Equity  
All Proprietary Fund Types and Similar Trust Fund  
For the Year Ended September 30, 1998  
(In Thousands)***

	Proprietary Fund Types		Fiduciary Fund Type	Totals
	Enterprise	Internal Service	Pension Trust Fund	(Memorandum Only) Current Year
<b><u>Operating Revenues</u></b>				
Taxes	\$ 3,010	\$	\$	\$ 3,010
Licenses and Permits	21			21
Intergovernmental		2,744		2,744
Charges for Services	60,212	15,018		75,230
Net Patient Revenue	32,313			32,313
Medicaid Disproportionate Share	2,268			2,268
Other Operating Revenue	3,646			3,646
Childrens' Disproportionate Share	970			970
Contributions-Employer			6,616	6,616
Contributions-Employees			6,616	6,616
Interest on Investments			16,489	16,489
Dividends on Investments			4,028	4,028
Net Appreciation in Fair Value of Investments			6,138	6,138
Other			259	259
<b>Total Operating Revenues</b>	<b>102,440</b>	<b>17,762</b>	<b>40,146</b>	<b>160,348</b>
<b><u>Operating Expenses</u></b>				
Salaries and Wages	47,214	14,257	149	61,620
Fringe Benefits	10,992	3,785		14,777
Provision for Bad Debts	2,243	2,721		4,964
Utilities	5,922	1,138		7,060
Depreciation	25,827	2,326		28,153
Outside Services	9,597	2,002		11,599
Services from Other Hospitals	3,430			3,430
Jefferson Clinic	13,184			13,184
Other Operating Expenses	5,903		44	5,947
Investment Manager Fees			1,091	1,091
Pension Benefits			10,888	10,888
Refunds of Employers Contribution			1,277	1,277
Interest Paid on Refunds			128	128
Office Expense	1,722	1,169		2,891
Supplies	9,721	4,044		13,765
Decrease in Provision for Insured Events		(1,117)		(1,117)
<b>Total Operating Expenses</b>	<b>135,755</b>	<b>30,325</b>	<b>13,577</b>	<b>179,657</b>
<b>Operating Income/(Loss) Forward</b>	<b>\$ (33,315)</b>	<b>\$ (12,563)</b>	<b>\$ 26,569</b>	<b>\$ (19,309)</b>

***Combined Statement of Revenues, Expenses and Changes in Fund Equity  
All Proprietary Fund Types and Similar Trust Fund  
For the Year Ended September 30, 1998  
(In Thousands)***

	Proprietary Fund Types		Fiduciary	Totals
	Enterprise	Internal Service	Fund Type Pension Trust Fund	(Memorandum Only) Current Year
Operating Income/(Loss)				
Brought Forward	\$ (33,315)	\$ (12,563)	\$ 26,569	\$ (19,309)
<b><u>Nonoperating Revenues/(Expenses)</u></b>				
Indirect Cost Recovery		13,382		13,382
Miscellaneous Revenues	2,017	469		2,486
Interest Income	21,805	281		22,086
Indirect Cost	(3,842)	(116)		(3,958)
Interest Expense	(34,529)			(34,529)
Proceeds from Sale of Fixed Assets	277	6		283
Loss from Disposal of Fixed Assets	(59)	(25)		(84)
Total Nonoperating Revenues/ (Expenses)	(14,331)	13,997		(334)
Income (Loss) Before Operating Transfers	(47,646)	1,434	26,569	(19,643)
<b><u>Operating Transfers</u></b>				
Operating Transfers In	37,962	2,628		40,590
Operating Transfers Out	(1,245)	(3,071)		(4,316)
Total Operating Transfers	36,717	(443)		36,274
Net Income/(Loss)	(10,929)	991	26,569	16,631
Fund Equity, Beginning of Year	245,175	13,949	516,224	775,348
Fund Equity, End of Year	\$ 234,246	\$ 14,940	\$ 542,793	\$ 791,979

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

***Combined Statement of Cash Flows  
All Proprietary Fund Types and Similar Trust Fund  
For the Year Ended September 30, 1998  
(In Thousands)***

	<b>Proprietary Fund Types</b>	
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
<b><u>Cash Flows From Operating Activities</u></b>		
Operating Income (Loss)	\$ (33,315)	\$ (12,563)
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u></b>		
Depreciation	25,827	1,138
Provision for Doubtful Accounts	154	
(Increase)/Decrease in Interest Receivable		
(Increase)/Decrease in Accounts Receivable	(1,283)	(4)
(Increase) in Patients Receivable	(798)	
(Increase)/Decrease in Prepaid Items	2	(5)
(Increase)/Decrease in Due From Governmental Units	619	30
(Increase)/Decrease in Inventory	211	128
Increase/(Decrease) in Accounts Payable	4,940	412
Increase/(Decrease) in Other Accounts Payable	(185)	(5)
Increase/(Decrease) in Accrued Payroll and Taxes	2,273	687
Increase/(Decrease) in Deposits Payable	52	
Increase in Retainage Payable	(2,630)	
Increase/(Decrease) in Interest Payable	(53)	
Increase/(Decrease) in Deferred Revenue	(3,175)	
Increase in Compensated Absences Payable	964	294
Increase in Estimated Liability for Landfill Postclosure Costs	(238)	
Increase/(Decrease) in Estimated Claims Liability		(1,545)
Net Appreciation in Fair Value of Investments		
Interest paid on Refunds		
Interest and Dividend Revenue		
Total Adjustments	<u>26,680</u>	<u>1,130</u>
Net Cash Provided/(Used) by Operating Activities Forward	<u>\$ (6,635)</u>	<u>\$ (11,433)</u>

Fiduciary Fund Type		Totals
Pension	Trust Fund	(Memorandum Only) Current Year
\$	26,569	\$ (19,309)
		26,965
		154
(807)		(807)
(58)		(1,345)
		(798)
		(3)
		649
		339
		5,352
(280)		(470)
		2,960
		52
		(2,630)
		(53)
		(3,175)
		1,258
		(238)
		(1,545)
(6,138)		(6,138)
129		129
(20,517)		(20,517)
(27,671)		139
\$	(1,102)	\$ (19,170)

***Combined Statement of Cash Flows***  
***All Proprietary Fund Types and Similar Trust Fund***  
***For the Year Ended September 30, 1998***  
***(In Thousands)***

	<b>Proprietary Fund Types</b>	
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
Net Cash Provided/(Used) by Operating Activities Brought Forward	\$ (6,635)	\$ (11,433)
<b><u>Cash Flows From Non-Capital Financing Activities</u></b>		
Operating Transfers In	37,962	2,628
Operating Transfers Out	(1,245)	(3,071)
Increase (Decrease) in Cash Deficit Received from Auxiliary Services	7,894	(87)
Indirect Cost Recovery		466
Indirect Cost	(3,842)	13,464
Net Cash Provided by Non-Capital Financing Activities	42,786	13,202
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>		
Interest Paid	(34,528)	
Loss on Disposal of Fixed Assets	(59)	(11)
Acquisition of Fixed Assets	(124,430)	(1,336)
Proceeds from Sale of Fixed Assets	277	
Principal Payments	(6,235)	
Amortization of Warrant Issuance Costs	701	
Deferred Loss on Early Debt Retirement	454	
Net Cash Provided/(Used) by Capital and Related Financing Activities	(163,820)	(1,347)
<b><u>Cash Flows From Investing Activities</u></b>		
Interest and Dividend Income	21,806	281
Net Appreciation in Fair Value of Investments		
Interest paid on Refunds		
Net Cash Provided/(Used) by Investing Activities	21,806	281
Net Increase/(Decrease) in Cash and Cash Equivalents	(105,863)	703
Cash and Investments, Beginning of Year	323,661	8,034
Cash and Investments, End of Year	\$ 217,798	\$ 8,737

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



Fiduciary Fund Type	Totals (Memorandum Only) Current Year
Pension Trust Fund	
\$ (1,102)	\$ (19,170)
	40,590
	(4,316)
	7,807
	2,483
	13,464
	(4,040)
	55,988
	(34,528)
	(70)
	(125,766)
	277
	(6,235)
	701
	454
	(165,167)
20,517	42,604
6,138	6,138
(129)	(129)
26,526	48,613
25,424	(79,736)
512,372	844,067
\$ 537,796	\$ 764,331

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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#### *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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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- ◆ **Community Development Fund** - This fund is used to account for the expenditure of federal block grant funds.
- ◆ **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, 1998, 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, 1998, 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).

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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#### **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, 1998, 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.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 1998***

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- ◆ **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.

**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.

**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.

**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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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- ◆ **General Fixed Assets Account Group** - This account group is used to account for all Commission fixed assets except those related to specific proprietary funds and trust 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.

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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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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.

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 operations, 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".



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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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#### 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, 1998, 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.

**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:

	<u>Years</u>
Buildings	28-50
Improvements	28
Equipment	5-30

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**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

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**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.

**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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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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, 1998, the liability for accrued vacation and compensatory leave is approximately \$10,760,000. The amounts applicable to the proprietary funds of \$4,381,000 have been recorded in those funds. Only the current portion of \$862,000 has been reported as a liability in the governmental funds. The remainder of \$5,517,000 has been recorded in the General Long-Term Debt Account Group (GLTDAG).

As of September 30, 1998, the liability for accrued sick leave is approximately \$6,769,000. The amounts applicable to the proprietary funds of \$2,991,000 have been recorded in those funds. Only the current portion of \$154,000 has been reported as a liability in the governmental funds. The remainder of \$3,624,000 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 these funds.

#### **M. Fund Equity**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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#### *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 1997-A Sewer Revenue Refunding Warrants contain deferred costs of \$9,956,000 that are being amortized over 30 years. At September 30, 1998, the unamortized deferred cost of the 1997-A issue was \$9,403,000.

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, 1998, the unamortized deferred cost of the 1997-B issue was \$368,000.

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, 1998, the unamortized deferred cost of the 1997-C issue was \$858,000.

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, 1998, the unamortized deferred cost of the 1997-D issue was \$5,986,000.

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, 1998, the unamortized, deferred cost of this issue was \$158,000.

#### *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.

#### *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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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#### *O. 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.

#### *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.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

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	\$313,042	\$	\$	\$313,042	\$313,042
Repurchase Agreements	225,707			225,707	225,707
Corporate Obligations*	136,738			136,738	136,738
Common Stocks*	209,713			209,713	209,713
Other*	1,463			1,463	1,463
<b>Total Investments</b>	<b>\$886,663</b>	<b>\$</b>	<b>\$</b>	<b>\$886,663</b>	<b>\$886,663</b>

\* 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 \$4,755,000 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, 1998**

**Note 4 – Due From Other Governments**

Amounts due from other governments included on the accompanying financial statements as of September 30, 1998, are as follows:

	(In Thousands)				
	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Totals
Federal	\$ 60	\$1,038	\$	\$	\$ 1,098
State	3,938	346	850	28	5,162
County	8,270	4,119	37	183	12,609
Municipal	7	180	289	2,053	2,529
<b>Total</b>	<b>\$12,275</b>	<b>\$5,683</b>	<b>\$1,176</b>	<b>\$2,264</b>	<b>\$21,398</b>

**Note 5 – Due From/To Other Funds**

The amounts due to/from other funds at September 30, 1998, were as follows:

	Due To Other Funds
	Stormwater Management Authority
<u>Due From Other Funds</u>	
General Fund	\$1,391,000

**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

**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, 1998, are listed as follows:

	(In Thousands)				Grand Total
	Governmental Fund Types		Proprietary Fund Types		
	General	Capital Projects	Enterprise	Internal Service	
Accounts Receivable	\$44	\$15	\$ 9,766	\$20	\$ 9,845
Allowance Account			(1,441)		(1,441)
Net Accounts Receivable	\$44	\$15	\$ 8,325	\$20	\$ 8,404

**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	\$ 17,270
Allowance Account	(10,005)
Net Patient Receivables	\$ 7,265



**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

**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 \$3,742,000 at September 30, 1998.

**Note 7 – Changes in Fixed Assets**

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

	(In Thousands)			Balance 9/30/98
	Balance 10/1/97	Additions	Reductions	
Land	\$ 6,618	\$ 257	\$	\$ 6,875
Buildings	172,796	5	2,395	170,406
Improvements Other Than Land/Buildings	7,673	23	30	7,666
Equipment and Furniture	67,219	6,742	3,069	70,892
Construction in Progress	35,671	16,127	409	51,389
<b>Total</b>	<b>\$289,977</b>	<b>\$23,154</b>	<b>\$5,903</b>	<b>\$307,288</b>

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

	(In Thousands)					Balance 9/30/98
	Balance 10/1/97	Adjustments To Prior Year	Adjusted Prior Year	Additions	Reductions	
Equipment and Furniture	\$	\$ 66	\$ 66	\$	\$	\$ 66
Less: Accumulated Depreciation		(27)	(27)			(27)
<b>Total</b>	<b>\$</b>	<b>\$ 39</b>	<b>\$ 39</b>	<b>\$</b>	<b>\$</b>	<b>\$ 39</b>

**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

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

**Enterprise Funds**

	(In Thousands)			Balance 9/30/98
	Balance 10/1/97	Additions	Reductions	
Land	\$ 7,954	\$ 14,628	\$	\$ 22,582
Buildings	233,582	1,484	700	234,366
Improvements Other Than Buildings	296,290	35,938	696	331,532
Equipment and Furniture	35,634	4,328	709	39,253
Construction in Progress	224,528	119,532	51,758	292,302
Sub-Total	797,988	175,910	53,863	920,035
Less: Accumulated Depreciation	(240,919)	(25,179)	1,732	(264,366)
Total	\$557,069	\$150,731	\$52,131	\$655,669

**Internal Service Funds**

	(In Thousands)			Balance 9/30/98
	Balance 10/1/97	Additions	Reductions	
Land	\$ 76	\$	\$	\$ 76
Buildings	6,640			6,640
Improvements Other Than Buildings	509	30		539
Equipment and Furniture	7,589	1,393	258	8,724
Construction in Progress	615	9		624
Sub-Total	15,429	1,432	258	16,603
Less: Accumulated Depreciation	(4,791)	(1,160)	189	(5,762)
Total	\$10,638	\$ 272	\$ 69	\$10,841

**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, 1998, the Commission paid a total of \$592,000 for operating leases.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

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, 1998:

	(In Thousands)	
	Facilities	Total
1998-99	\$ 634	\$ 634
1999-00	484	484
2000-01	425	425
2001-02	377	377
2002-03	304	304
Thereafter	812	812
<b>Total Minimum Payments Required</b>	<b>\$3,036</b>	<b>\$3,036</b>

**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.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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- ◆ **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. The 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.

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**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

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	
	1998	1997	1998	1997
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$288,929	\$527,492	\$ 231,306	\$234,122
<b>Incurring claims and claim adjustment expenses:</b>				
Provision for insured events of current fiscal year	21,315	11,527	20,127	86,870
Increases/(Decreases) in provision for insured events of prior fiscal years	349		(14,698)	
<b>Total incurred claims and claim adjustment expenses</b>	<b>21,664</b>	<b>11,527</b>	<b>5,429</b>	<b>86,870</b>
<b>Payments:</b>				
Claims and claim adjustment expenses attributable to insured events of current fiscal year	202,683	250,090	116,735	89,686
Claims and claim adjustment expenses attributable to insured events of prior fiscal year				
<b>Totals payments</b>	<b>202,683</b>	<b>250,090</b>	<b>116,735</b>	<b>89,686</b>
<b>Total unpaid claim and claim adjustment expenses at end of fiscal year</b>	<b>\$107,910</b>	<b>\$288,929</b>	<b>\$ 120,000</b>	<b>\$231,306</b>

Information for changes in prior years claims liabilities was not available due to an inadequate data base which tracks the loss and loss expense reserves for each claim file.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

(In Thousands)			
Workers' Compensation		Totals	
1998	1997	1998	1997
\$ 2,864,760	\$3,949,433	\$ 3,384,995	\$ 4,711,047
463,003	825,446	504,445	923,843
(1,102,591)		(1,116,940)	
(639,588)	825,446	(612,495)	923,843
613,172	1,910,119	932,590	2,249,895
613,172	1,910,119	932,590	2,249,895
\$ 1,612,000	\$2,864,760	\$ 1,839,910	\$ 3,384,995

**Note 11 – Litigation**

The Commission is a defendant in a case filed in U.S. District Court by a former employee alleging racial discrimination. The Commission estimates a possible liability of a maximum of \$400,000.

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. This action is currently under consideration by the judge in the lowest court of jurisdiction.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

**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, 1998:

	(In Thousands)			Debt Outstanding September 30, 1998
	Debt Outstanding October 1, 1997	Issued/ Increased	Repaid/ Decreased	
General Obligation Warrants	\$153,685	\$50,000	\$15,495	\$188,190
Estimated Liability for Compensated Absences	7,762	1,379		9,141
<b>Total</b>	<b>\$161,447</b>	<b>\$51,379</b>	<b>\$15,495</b>	<b>\$197,331</b>

The following is a summary of proprietary long-term debt transactions for the Commission for the year ended September 30, 1998:

	(In Thousands)			Debt Outstanding September 30, 1998
	Debt Outstanding October 1, 1997	Issued/ Increased	Repaid/ Decreased	
Revenue Warrants	\$632,335	\$	\$6,235	\$626,100
Estimated Liability for Postclosure Landfill Costs	2,890	598	836	2,652
Estimated Claims Liability	3,385	505	2,050	1,840
Estimated Liability for Compensated Absences	6,115	1,257		7,372
<b>Total</b>	<b>\$644,725</b>	<b>\$2,360</b>	<b>\$9,121</b>	<b>\$637,964</b>



**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

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

Fiscal Year Ended	(In Thousands)				
	General Obligation Warrants		Revenue Warrants		Total Principal and Interest Requirements
	Principal	Interest	Principal	Interest	
September 30, 1999	\$ 16,820	\$ 6,829	\$ 6,820	\$ 34,366	\$ 64,835
2000	65,390	6,613	13,090	33,804	118,897
2001	12,220	4,316	18,635	32,876	68,047
2002	12,785	3,750	11,495	32,001	60,031
2003	13,290	3,060	16,300	31,194	63,844
2004	13,895	2,616	5,595	30,582	52,688
2005	14,140	2,319	11,575	30,325	58,359
2006	8,460	1,682	13,490	29,670	53,302
2007	15,810	1,344	2,935	29,181	49,270
2008	5,815	815	3,055	29,060	38,745
2009	6,145	510	3,180	28,933	38,768
2010	3,420	184	3,310	28,802	35,716
2011			3,450	28,665	32,115
2012			3,590	28,522	32,112
2013			3,740	28,374	32,114
2014			3,895	28,219	32,114
2015			4,055	28,058	32,113
2016				27,976	27,976
2017			26,770	27,377	54,147
2018			29,745	25,822	55,567
2019			32,945	24,095	57,040
2020			36,480	22,185	58,665
2021			36,775	20,171	56,946
2022			44,555	17,930	62,485
2023			46,755	15,415	62,170
2024			51,840	12,755	64,595
2025			57,565	9,809	67,374
2026			63,765	6,549	70,314
2027			70,695	2,944	73,639
<b>Totals</b>	<b>\$188,190</b>	<b>\$34,038</b>	<b>\$626,100</b>	<b>\$725,660</b>	<b>\$1,573,988</b>

**Note 13 – Warrants Payable-Enterprise Funds**

The Landfill Operations Fund has Bonds and Warrants Payable of \$24,000,000 at September 30, 1998, 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.

## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

The Sanitary Operations Fund has Bonds and Warrants Payable of \$602,100,000 at September 30, 1998. 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, and 4) the 1997-D Sewer Revenue 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, 1998, exceeded the bond indenture requirements and were as follows:

<u>(In Thousands)</u>	
Sewer Reserve Fund	\$54,106
Sewer Rate Stabilization Fund	42,024
Sewer Depreciation Fund	\$16,203

#### 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,	1998	1997	1996	1995	1994
Active Accounts	141,606	140,324	140,146	140,361	138,601
Average Daily Treatment Volume (millions of gallons treated)	132	127	130	123	106
Sewer Charges	\$50,471,940	\$46,032,255	\$44,387,013	\$39,587,914	\$38,367,830
% Revenues - Largest Customer	2.85	2.97	2.56	2.96	2.61
% Revenues - Top 10 Customers	11.4	10.58	9.76	9.98	8.55

**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

	Consumption	Amount
<b>1998 Top Ten Customers</b>		
University of Alabama - Birmingham	790,611	\$1,422,371
Birmingham Housing Authority	734,929	1,362,362
US Steel	427,434	793,991
Barbers Dairies	275,931	505,248
PEMCO	213,075	451,134
Baptist Medical Centers	267,118	421,009
Buffalo Rock	491,973	380,502
Golden Flake	286,284	301,574
Park and Recreation (Zoo)	138,786	241,004
SMI Steel	136,627	\$ 219,081

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 September 1, 1998, the Commission issued \$50,000,000 in General Obligation Warrants Series 1998-A with an average interest rate of 3.45 percent. The net proceeds of \$49,950,000 (after payment of \$50,000 in bond issuance costs) were used to make substantial capital improvements to a number of the County's building and facilities.

**Note 16 – Prior Year Defeasance of Debt**

As of September 30, 1998, the following warrants outstanding are considered defeased:

	(In Thousands)
Sewer Revenue Warrants, Series 1988	\$ 27,990
Sewer Revenue Warrants, Series 1992	49,025
Sewer Revenue Warrants, Series 1993	36,405
Sewer Construction Warrants, Series 1977	3,380
Sanitary Sewer Refunding Warrants, Series 1978	12,145
General Obligation Warrants, Series 1988	9,595
General Obligation Warrants, Series 1989	25,980
General Obligation Warrants, Series 1990	32,995
<b>Total Warrants Defeased</b>	<b>\$197,515</b>

**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

**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, 1998, 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	\$27,855	\$11,342	\$ 4,666	\$ 58,400	\$177	\$102,440
Depreciation, Depletion and Amortization Expense	2,041	274	981	22,525	6	25,827
Operating Income or (Loss)	(36,616)	(3,276)	439	6,169	(31)	(33,315)
Operating Grants, Entitlements And Shared Revenues	6,783	101				6,884
<u>Operating Transfers:</u>						
In	36,119	1,800	35	8		37,962
(Out)			(1,245)			(1,245)
Tax Revenues				3,010		3,010
Net Income or (Loss)	(1,692)	85	(2,039)	(7,255)	(28)	(10,929)
<u>Current Capital:</u>						
Contributions						
Transfers						
<u>Property, Plant &amp; Equipment:</u>						
Additions	1,521	1,018	29,008	142,534	57	174,138
Deletions	76	464	23,518	29,803		53,861
Net Working Capital	2,931	1,223	(9,340)	196,818	28	191,660
<u>Bonds and Other Long-Term</u>						
<u>Liabilities:</u>						
Payable from Operating Revenue	2,046	453	27,029	604,462	4	633,994
<b>Total Equity</b>	<b>\$16,516</b>	<b>\$ 9,969</b>	<b>\$18,402</b>	<b>\$189,285</b>	<b>\$ 74</b>	<b>\$234,246</b>

**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

**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, 1998:

Nature of Commitment	(In Thousands) Amount
Cahaba Sewer Improvement Project	\$ 6,550
Correctional Facilities Project	2,202
Courthouse Building Renovation Project	3,804
Five Mile Creek Sewer Improvement Project	9,079
Highway Improvements	1,287
Morris/Kimberly Sewer Improvement Project	560
Patton Creek Sewer Improvement Project	936
Rice Creek Sewer Improvement Project	4,658
Sewer Infrastructure Management System Project	711
Shades Sewer Improvement Project	10,790
Shannon Sewer Improvement Project	662
Trussville Sewer Improvement Project	2,250
Valley Creek Sewer Improvement Project	30,934
Vestavia Sewer Improvement Project	12,461
Village Creek Sewer Improvement Project	54,115
<b>Totals</b>	<b>\$140,996</b>

**Note 19 – Defined Benefit Pension Plan**

**A. Plan Description**

The General Retirement System for Employees of Jefferson County (Retirement System) is the administrator of a single-employer, defined benefit pension plan (Plan) covering substantially all employees of Jefferson County, Alabama. The Plan 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, 1998.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 1998**

**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.

**Investment Valuation:**

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

**C. Funding Progress**

The information presented below was determined as part of the actuarial valuations at the dates indicated:

(In Thousands)						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b/a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
9-30-96	\$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%)

**D. Related Party Transactions**

Certain Plan short-term investments are comprised of money market accounts managed by AmSouth Bank and SouthTrust Bank, N.A., the custodians as defined by the Plan; therefore, these transactions qualify as party-in-interest.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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#### *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 313 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 \$18 to \$423 per month and total insurance premiums range from \$133 to \$445. Expenditures for postretirement health care benefits are made and recognized as premiums are paid. During the year, expenditures of \$350,000 were recognized for postretirement health benefits.

#### *Note 21 – Restatements*

As of October 1, 1997, the fund balance in the General Fund was restated by \$2,296,000 in order to reclassify Stormwater Management Authority to an Expendable Trust Fund. Also, \$39,000 in General Fixed Assets were transferred to the Stormwater Management Expendable Trust Fund.

As of October 1, 1997, the fund balance in the Expendable Trust Funds was reduced by \$153,000, since the Commission is no longer maintaining the records for the Jefferson County Economic and Industrial Development Authority.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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#### Note 22 – Deficit Fund Balances

At September 30, 1998, the following funds had a deficit fund balance:

Road Fund	\$3,082
Stormwater Management Authority	\$ 550

#### 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 \$2,652,000, as of September 30, 1998. This estimate was based on 39.21% usage (filled) of the Jefferson County Landfill Number 1, and 19.20% 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.

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, 1998. 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. In the event of an unfavorable outcome to the State of Alabama, 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.



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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 1998*

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#### *Note 25 – Year 2000 Issue*

The year 2000 issue is a result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Commission's operations as early as fiscal year 1999.

The Commission is in the process of completing an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting its operations. Based on this inventory, the Commission is in the assessment stage. It is unknown as of September 30, 1998, what effects, if any, failing to remediate any such systems will have upon the Commission's operations and financial reporting.

The Commission utilizes external service organizations for its sewer service charges collection. The external service organizations are responsible for remediating their system.

The State of Alabama distributes a substantial sum of money to the county in the form of various tax revenues and federal grant payments. The State is responsible for remediating these systems and is solely responsible for any costs associated with the processing of these revenues and payments.

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# *Combining Financial Statements*

**Combining Balance Sheet**  
**All Special Revenue Funds**  
**September 30, 1998**  
**(In Thousands)**

	Indigent Care Fund	Road Fund	Senior Citizens' Activities Fund
<b>ASSETS</b>			
Cash and Investments	\$ 6,214	\$ 15	\$
Accounts Receivable, Net			
Loans Receivable, Net			
Interest Receivable			
Due from Other Governmental Units	2,962	941	619
Inventories		1,957	
<b>TOTAL ASSETS</b>	<b>9,176</b>	<b>2,913</b>	<b>619</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Cash Deficit			221
Accounts Payable		4,942	349
Accrued Payroll and Taxes		788	27
Due to Other Governmental Units			
Deferred Revenues			
Accrued Compensated Absences		265	
<b>TOTAL LIABILITIES</b>		<b>5,995</b>	<b>597</b>
<b>FUND EQUITY</b>			
Fund Balance:			
Reserved for Encumbrances	141	2,982	770
Reserved for Inventories		1,957	
Reserved for Petty Cash			
Reserved for Loan Receivable			
Reserved for Cooper Green Hospital Foundation	379		
Unreserved	8,656	(8,021)	(748)
<b>TOTAL FUND EQUITY</b>	<b>9,176</b>	<b>(3,082)</b>	<b>22</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 9,176</b>	<b>\$ 2,913</b>	<b>\$ 619</b>

Bridge and Public Building Fund	Community Development Fund	CDBG-EDA Revolving Loan Fund	Home Grant Fund	Emergency Management Fund	Totals Current Year
\$ 2,026	\$ 136	\$ 1,421	\$ 53	\$ 353	\$ 10,218
	177	3,565			3,742
	11				11
270	586	82	221	2	5,683
					1,957
2,296	910	5,068	274	355	21,611
					221
	516	14	31	4	5,856
	41		2	13	871
		43			43
			241		241
					265
	557	57	274	17	7,497
	1,915	34	911	8	6,761
					1,957
	177	3,565			3,742
					379
2,296	(1,739)	1,412	(911)	330	1,275
2,296	353	5,011		338	14,114
\$ 2,296	\$ 910	\$ 5,068	\$ 274	\$ 355	\$ 21,611

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds  
For the Year Ended September 30, 1998  
(In Thousands)***

	Indigent Care Fund	Road Fund	Senior Citizens' Activities Fund
<b>REVENUES</b>			
Taxes	\$ 35,387	\$ 9,819	\$
Intergovernmental		7,684	3,951
Charges for Services		133	10
Investment Income	456		10
Miscellaneous	327	132	140
<b>TOTAL REVENUES</b>	<b>36,170</b>	<b>17,768</b>	<b>4,111</b>
<b>EXPENDITURES</b>			
Current:			
General Government	1,697		4,767
Public Safety			
Highways and Streets		30,877	
Health and Welfare			
Capital Outlay		3,671	17
Indirect Cost	19		156
<b>TOTAL EXPENDITURES</b>	<b>1,716</b>	<b>34,548</b>	<b>4,940</b>
Excess (deficiency) of revenues over expenditures	34,454	(16,780)	(829)
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	1,617	15,300	915
Proceeds from Sale of Fixed Assets		96	1
Operating Transfers Out	(36,337)	(26)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(34,720)</b>	<b>15,370</b>	<b>916</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(266)	(1,410)	87
Fund Balances at beginning of year	9,442	(1,672)	(65)
Fund Balances at end of year	\$ 9,176	\$ (3,082)	\$ 22

Bridge and Public Building Fund	Community Development Fund	CDBG-EDA Revolving Loan Fund	Home Grant Fund	Emergency Management Fund	Totals Current Year
\$ 21,930	\$ 3,974	\$ 194	\$ 1,516	\$ 198	\$ 67,136
	9			296	17,517
222		160		10	448
		1	174		858
22,152	3,983	355	1,690	504	86,733
	957		91		7,512
				734	734
	3,495	843	1,866		30,877
	21		6		6,204
11	188	12	10	28	3,743
11	4,661	855	1,973	762	396
22,141	(678)	(500)	(283)	(258)	49,466
	177	8	283	81	37,267
(20,427)					18,381
(20,427)	177	8	283	81	97
					(56,790)
1,714	(501)	(492)		(177)	(38,312)
582	854	5,503		515	(1,045)
\$ 2,296	\$ 353	\$ 5,011	\$	\$ 338	\$ 14,114

**Combining Balance Sheet**  
**All Capital Projects Funds**  
**September 30, 1998**  
**(In Thousands)**

	Capital Improvements Fund	Road Construction Fund	Totals Current Year
<b>ASSETS</b>			
Cash and Investments	\$ 34,339	\$ 1,977	\$ 36,316
Accounts Receivable, Net		15	15
<b>TOTAL ASSETS</b>	<b>34,339</b>	<b>1,992</b>	<b>36,331</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts Payable	1,448	719	2,167
Retainage Payable	1,412		1,412
<b>TOTAL LIABILITIES</b>	<b>2,860</b>	<b>719</b>	<b>3,579</b>
<b>FUND EQUITY</b>			
Fund Balance:			
Reserved for Encumbrances	7,464	2,720	10,184
Unreserved	24,015	(1,447)	22,568
<b>TOTAL FUND EQUITY</b>	<b>31,479</b>	<b>1,273</b>	<b>32,752</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 34,339</b>	<b>\$ 1,992</b>	<b>\$ 36,331</b>



***Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Capital Projects Funds  
For the Year Ended September 30, 1998  
(In Thousands)***

	Capital Improvements Fund	Road Construction Fund	Totals Current Year
<b><u>REVENUES</u></b>			
Intergovernmental	\$	\$	\$
Charges for Services		32	32
Investment Income	491	962	962
Miscellaneous	9	8	17
<b>TOTAL REVENUES</b>	<b>500</b>	<b>1,002</b>	<b>1,502</b>
<b><u>EXPENDITURES</u></b>			
Current:			
General Government	2,513		2,513
Highways and Streets		4,639	4,639
Sanitation	1		1
Health and Welfare			
Culture and Recreation	113		113
Capital Outlay	16,342		16,342
Interest and Fiscal Charges	49		49
<b>TOTAL EXPENDITURES</b>	<b>19,018</b>	<b>4,639</b>	<b>23,657</b>
Excess (deficiency) of revenues over expenditures	(18,518)	(3,637)	(22,155)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating Transfers In	2,363	5,000	7,363
Proceeds from Sale of Fixed Assets			
Proceeds from Bond Issuance	50,000		50,000
Issuance Costs	(50)		(50)
Operating Transfers Out	(9,245)		(9,245)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>43,068</b>	<b>5,000</b>	<b>48,068</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	24,550	1,363	25,913
Fund Balances at beginning of year	6,929	(90)	6,839
Fund Balances at end of year	\$ 31,479	\$ 1,273	\$ 32,752

***Combining Balance Sheet  
All Enterprise Funds  
September 30, 1998  
(In Thousands)***

	Cooper Green Hospital Fund	County Home Fund
<b><u>ASSETS</u></b>		
Cash and Investments	\$ 62	\$ 105
Accounts Receivable, Net	8	
Patient Accounts Receivable, Net	5,394	1,871
Due from Other Governmental Units	850	
Inventories	556	49
Fixed Assets, Net Where Applicable	15,631	9,199
Warrant Issuance Costs		
Deferred Loss on Early Debt Retirement		
<b>TOTAL ASSETS</b>	<b>22,501</b>	<b>11,224</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b><u>LIABILITIES</u></b>		
Cash Deficit		
Accounts Payable	1,066	328
Interest Payable		
Other Accounts Payable	1,529	4
Deposits Payable		93
Accrued Payroll and Taxes	1,344	377
Retainage Payable		
Accrued Compensated Absences	2,046	453
Bonds and Warrants Payable		
Estimated Liability for Landfill Postclosure Costs		
<b>TOTAL LIABILITIES</b>	<b>5,985</b>	<b>1,255</b>
<b><u>FUND EQUITY</u></b>		
Retained Earnings:		
Unreserved	16,516	9,969
<b>TOTAL FUND EQUITY</b>	<b>16,516</b>	<b>9,969</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 22,501</b>	<b>\$ 11,224</b>

Landfill Operations Fund	Sanitary Operations Fund	Parking Deck Fund	Totals Current Year
\$	\$	\$	\$
740	217,577	54	217,798
	7,576	1	8,325
	326		7,265
	515		1,176
54,613	576,176	50	1,120
158	16,615		655,669
	4,138		16,773
55,511	822,923	105	4,138
			912,264
9,485			9,485
116	19,861	26	21,397
72	5,473		5,545
			1,533
			93
109	797	1	2,628
298	3,045		3,343
377	2,362	4	5,242
24,000	602,100		626,100
2,652			2,652
37,109	633,638	31	678,018
18,402	189,285	74	234,246
18,402	189,285	74	234,246
\$ 55,511	\$ 822,923	\$ 105	\$ 912,264

***Combining Statement of Revenues, Expenses and Changes in Fund Equity***  
***All Enterprise Funds***  
***For the Year Ended September 30, 1998***  
***(In Thousands)***

	Cooper Green Hospital Fund	County Home Fund
<b><u>Operating Revenues</u></b>		
Taxes	\$	\$
Licenses and Permits		
Charges for Services		
Net Patient Revenue	21,072	11,241
Medicaid Disproportionate Share	2,268	
Other Operating Revenue	3,545	101
Childrens' Disproportionate Share	970	
<b>Total Operating Revenues</b>	<b>27,855</b>	<b>11,342</b>
<b><u>Operating Expenses</u></b>		
Provision for Bad Debts	1,797	292
Salaries and Wages	25,350	6,747
Fringe Benefits	5,186	1,853
Utilities	934	539
Depreciation	2,041	274
Outside Services	2,555	3,206
Services from other Hospitals	3,430	
Jefferson Clinic	13,184	
Other Operating Expenses	1,627	745
Office Expense	1,031	232
Supplies	7,336	730
<b>Total Operating Expenses</b>	<b>64,471</b>	<b>14,618</b>
<b>Operating Income/(Loss)</b>	<b>(36,616)</b>	<b>(3,276)</b>
<b><u>Nonoperating Revenues/(Expenses)</u></b>		
Miscellaneous Revenues	248	1,563
Interest Income	144	139
Indirect Cost	(1,559)	(378)
Interest Expense	(26)	
Proceeds from Sale of Fixed Assets		237
Loss from Disposal of Fixed Assets	(2)	
<b>Total Nonoperating Revenues/(Expenses)</b>	<b>(1,195)</b>	<b>1,561</b>
<b>Income (Loss) Before Operating Transfers Forward</b>	<b>\$ (37,811)</b>	<b>\$ (1,715)</b>

Landfill Operations Fund	Sanitary Operations Fund	Parking Deck Fund	Totals Current Year
\$	\$	\$	\$
	3,010		3,010
	21		21
4,666	55,369	177	60,212
			32,313
			2,268
			3,646
			970
4,666	58,400	177	102,440
	154		2,243
1,559	13,535	23	47,214
381	3,566	6	10,992
229	4,197	23	5,922
981	22,525	6	25,827
315	3,496	25	9,597
			3,430
			13,184
404	3,004	123	5,903
22	435	2	1,722
336	1,319		9,721
4,227	52,231	208	135,755
439	6,169	(31)	(33,315)
30	176		2,017
14	21,505	3	21,805
(356)	(1,549)		(3,842)
(957)	(33,546)		(34,529)
1	39		277
	(57)		(59)
(1,268)	(13,432)	3	(14,331)
\$ (829)	\$ (7,263)	\$ (28)	\$ (47,646)

***Combining Statement of Revenues, Expenses and Changes in Fund Equity  
All Enterprise Funds  
For the Year Ended September 30, 1998  
(In Thousands)***

	<b>Cooper Green Hospital Fund</b>	<b>County Home Fund</b>
Income (Loss) Before Operating Transfers Brought Forward	\$ (37,811)	\$ (1,715)
<b><u>OPERATING TRANSFERS</u></b>		
Operating Transfers In	36,119	1,800
Operating Transfers Out		
Total Operating Transfers	<u>36,119</u>	<u>1,800</u>
Net Income/(Loss)	(1,692)	85
Fund Equity, Beginning of Year	<u>18,208</u>	<u>9,884</u>
Fund Equity, End of Year	<u>\$ 16,516</u>	<u>\$ 9,969</u>

<b>Landfill Operations Fund</b>	<b>Sanitary Operations Fund</b>	<b>Parking Deck Fund</b>	<b>Totals Current Year</b>
\$ (829)	\$ (7,263)	\$ (28)	\$ (47,646)
35	8		37,962
(1,245)			(1,245)
(1,210)	8		36,717
(2,039)	(7,255)	(28)	(10,929)
20,441	196,540	102	245,175
\$ 18,402	\$ 189,285	\$ 74	\$ 234,246

**Combining Statement of Cash Flows**  
**All Enterprise Funds**  
**For the Year Ended September 30, 1998**  
**(In Thousands)**

	Cooper Green Hospital Fund	County Nursing Home Fund
<b>Cash Flows From Operating Activities</b>		
Operating Income (Loss)	\$ (36,616)	\$ (3,276)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</b>		
Depreciation	2,041	274
Provision for Doubtful Accounts		
(Increase)/Decrease in Accounts Receivable	180	
(Increase)/Decrease in Patients Receivable	(129)	(669)
(Increase)/Decrease in Prepaid Items		2
(Increase)/Decrease in Due From Governmental Units	337	
(Increase)/Decrease in Inventory	215	71
Increase/(Decrease) in Accounts Payable	(131)	(118)
Increase/(Decrease) in Other Accounts Payable	(189)	4
Increase/(Decrease) in Accrued Payroll and Taxes	1,162	322
Increase/(Decrease) in Deposits Payable		52
Increase/(Decrease) in Retainage Payable		
Increase/(Decrease) in Interest Payable		
Increase/(Decrease) in Deferred Revenue		(3,175)
Increase/(Decrease) in Compensated Absences Payable	363	41
Increase/(Decrease) in Estimated Liability for Landfill Postclosure Costs		
<b>Total Adjustments</b>	<b>3,849</b>	<b>(3,196)</b>
<b>Net Cash Provided/(Used) by Operating Activities</b>		
Carried Forward	<b>\$ (32,767)</b>	<b>\$ (6,472)</b>



<b>Landfill Operations Fund</b>	<b>Sanitary Operations Fund</b>	<b>Parking Deck Fund</b>	<b>Totals Current Year</b>
\$ 439	\$ 6,169	\$ (31)	\$ (33,315)
981	22,525	6	25,827
	154		154
(99)	(1,364)		(1,283)
			(798)
			2
	282		619
	(75)		211
(642)	5,811	20	4,940
			(185)
95	693	1	2,273
			52
(528)	(2,102)		(2,630)
(2)	(51)		(53)
			(3,175)
86	474		964
(238)			(238)
(347)	26,347	27	26,680
\$ 92	\$ 32,516	\$ (4)	\$ (6,635)

***Combining Statement of Cash Flows***  
***All Enterprise Funds***  
***For the Year Ended September 30, 1998***  
***(In Thousands)***

	Cooper Green Hospital Fund	County Nursing Home Fund
Net Cash Provided/(Used) by Operating Activities		
Brought Forward	\$ (32,767)	\$ (6,472)
<b><u>Cash Flows From Non-Capital Financing Activities</u></b>		
Operating Transfers In	36,119	1,800
Operating Transfers Out		
Increase in Cash Deficit		
Received from Auxiliary Services	248	1,563
Indirect Cost	(1,559)	(378)
Net Cash Provided/(Used) by Non-Capital Financing Activities	34,808	2,985
<b><u>Cash Flows From Capital and Related Financing Activities</u></b>		
Interest Paid	(25)	
Acquisition of Fixed Assets	(2,246)	(551)
Loss on Sale of Fixed Assets	(2)	
Proceeds from Sale of Fixed Assets		238
Principal Payments		
Amortization of Warrant Issuance Costs		
Deferred Loss on Early Debt Retirement		
Net Cash Provided/(Used) by Capital and Related Financing Activities	(2,273)	(313)
<b><u>Cash Flows From Investing Activities</u></b>		
Interest and Dividend Income	144	140
Net Cash Provided/(Used) by Investing Activities	144	140
Net Increase/(Decrease) in Cash and Cash Equivalents	(88)	(3,660)
Cash and Investments, Beginning of Year	150	3,765
Cash and Investments, End of Year	\$ 62	\$ 105

Landfill Operations Fund	Sanitary Operations Fund	Parking Deck Fund	Totals Current Year
\$ 92	\$ 32,516	\$ (4)	\$ (6,635)
35	8		37,962
(1,245)			(1,245)
7,894			7,894
30	176		2,017
(356)	(1,549)		(3,842)
6,358	(1,365)		42,786
(957)	(33,546)		(34,528)
(5,528)	(116,049)	(56)	(124,430)
	(57)		(59)
	39		277
	(6,235)		(6,235)
21	680		701
	454		454
(6,464)	(154,714)	(56)	(163,820)
14	21,505	3	21,806
14	21,505	3	21,806
	(102,058)	(57)	(105,863)
	319,635	111	323,661
\$	\$ 217,577	\$ 54	\$ 217,798

**Combining Balance Sheet**  
**All Internal Service Funds**  
**September 30, 1998**  
**(In Thousands)**

	Risk Management Fund	Personnel Board Fund	Elections Fund
<b>ASSETS</b>			
Cash and Investments	\$ 7,247	\$	\$ 5
Accounts Receivable, Net			
Due from Other Governmental Units		2,053	
Inventories			
Prepaid Items	60		
Fixed Assets, Net Where Applicable	39	267	183
<b>TOTAL ASSETS</b>	<b>7,346</b>	<b>2,320</b>	<b>188</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Cash Deficit		1,923	
Accounts Payable	56	15	2
Other Accounts Payable			
Accrued Payroll and Taxes	24	103	14
Accrued Compensated Absences	33	253	51
Estimated Claims Liability	1,840		
<b>TOTAL LIABILITIES</b>	<b>1,953</b>	<b>2,294</b>	<b>67</b>
<b>FUND EQUITY</b>			
Retained Earnings:			
Reserved for Contingencies	5,393		
Unreserved		26	121
<b>TOTAL FUND EQUITY</b>	<b>5,393</b>	<b>26</b>	<b>121</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 7,346</b>	<b>\$ 2,320</b>	<b>\$ 188</b>

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$ 339	\$	\$ 253	\$	\$ 893	\$ 8,737
2	81			20	20
	370	14	154	128	2,264
				610	1,148
1,531	2,413	289	128	5,991	60
1,872	2,864	556	282	7,642	10,841
	221		117		2,261
458	181	25	39	328	1,104
91	150	26	12	375	795
301	332	69	20	1,071	2,130
					1,840
850	884	120	188	1,774	8,130
					5,393
1,022	1,980	436	94	5,868	9,547
1,022	1,980	436	94	5,868	14,940
\$ 1,872	\$ 2,864	\$ 556	\$ 282	\$ 7,642	\$ 23,070

***Combining Statement of Revenues, Expenses and Changes in Fund Equity  
All Internal Service Funds  
For the Year Ended September 30, 1998  
(In Thousands)***

	Risk Management Fund	Personnel Board Fund	Elections Fund
<b><u>Operating Revenues</u></b>			
Intergovernmental	\$	\$	\$
Charges for Services	1,054	2,276	67
<b>Total Operating Revenues</b>	<b>1,054</b>	<b>2,276</b>	<b>67</b>
<b><u>Operating Expenses</u></b>			
Salaries and Wages	399	1,843	552
Fringe Benefits	402	435	56
Utilities		1	8
Depreciation	8	89	48
Outside Services	601	535	2
Other Operating Expenses	2	276	14
Office Expense	17	157	11
Supplies	8	48	12
Decrease in Provision for Insured Events	(1,117)		
<b>Total Operating Expenses</b>	<b>320</b>	<b>3,384</b>	<b>703</b>
<b>Operating Income/(Loss)</b>	<b>734</b>	<b>(1,108)</b>	<b>(636)</b>
<b><u>Nonoperating Revenues/(Expenses)</u></b>			
Indirect Cost Recovery		813	
Miscellaneous Revenues	298		4
Interest Income	229		
Indirect Cost			(87)
Proceeds from sale of Fixed Assets			
Loss from Disposal of Fixed Assets			
<b>Total Nonoperating Revenues/(Expenses)</b>	<b>527</b>	<b>813</b>	<b>(83)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>1,261</b>	<b>(295)</b>	<b>(719)</b>
<b><u>Operating Transfers</u></b>			
Operating Transfers In		319	650
Operating Transfers Out			
<b>Total Operating Transfers</b>		<b>319</b>	<b>650</b>
<b>Net Income/(Loss)</b>	<b>1,261</b>	<b>24</b>	<b>(69)</b>
<b>Fund Equity, beginning of year</b>	<b>4,132</b>	<b>2</b>	<b>190</b>
<b>Fund Equity, end of year</b>	<b>\$ 5,393</b>	<b>\$ 26</b>	<b>\$ 121</b>

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$ 496	\$ 1,669	\$ 1,006	\$ 392	\$ 401	\$ 2,744
496	1,669	1,006	392	10,401	15,018
				10,802	17,762
1,679	2,365	464	203	6,752	14,257
393	612	141	52	1,694	3,785
	159	179		2,374	2,721
394	206	41	38	314	1,138
557	46	140	44	401	2,326
821	27	32	60	770	2,002
293	44	4	8	635	1,169
231	2,028	33	188	1,496	4,044
					(1,117)
4,368	5,487	1,034	593	14,436	30,325
(3,872)	(3,818)	(28)	(201)	(3,634)	(12,563)
2,662	4,443	(54)	(28)	5,546	13,382
	41	4	82	40	469
	12	15		25	281
(29)					(116)
3		1		2	6
(2)	(12)			(11)	(25)
2,634	4,484	(34)	54	5,802	13,997
(1,238)	666	(62)	(147)	1,968	1,434
1,650	9				2,628
	(1,048)			(2,023)	(3,071)
1,650	(1,039)			(2,023)	(443)
412	(373)	(62)	(147)	(55)	991
610	2,353	498	241	5,923	13,949
\$ 1,022	\$ 1,980	\$ 436	\$ 94	\$ 5,868	\$ 14,940

**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the Year Ended September 30, 1998**  
**(In Thousands)**

	Risk Management Fund	Personnel Board Fund	Elections Fund
<b><u>Cash Flows From Operating Activities</u></b>			
Operating Income (Loss)	\$ 734	\$ (1,108)	\$ (636)
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u></b>			
Depreciation	8	89	48
(Increase)/Decrease in Accounts Receivable			
(Increase)/Decrease in Prepaid Items	(5)		
(Increase)/Decrease in Due from Governmental Units		144	(1)
(Increase)/Decrease in Inventory			
Increase/(Decrease) in Accounts Payable	14	(22)	3
Increase/(Decrease) in Other Accounts Payable			
Increase/(Decrease) in Accrued Payroll and Taxes	21	89	12
Increase/(Decrease) in Compensated Absences Payable	(7)	52	7
Increase/(Decrease) in Estimated Claims Liability	(1,545)		
Total Adjustments	<u>(1,514)</u>	<u>352</u>	<u>69</u>
Net Cash Provided/(Used) by Operating Activities			
Carried Forward	<u>\$ (780)</u>	<u>\$ (756)</u>	<u>\$ (567)</u>



Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$ (3,872)	\$ (3,818)	(28)	\$ (201)	\$ (3,634)	(12,563)
394	206	41	38	314	1,138
(2)	(82)		5	(34)	(4)
366	46	9	20	53	(5)
	(68)	4	1	114	30
			(5)		128
78	132	23	10	322	412
36	20	14	6	166	(5)
					687
					294
					(1,545)
872	254	91	75	931	1,130
\$ (3,000)	\$ (3,564)	63	\$ (126)	\$ (2,703)	(11,433)

**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**For the Year Ended September 30, 1998**  
**(In Thousands)**

	Risk Management Fund	Personnel Board Fund	Elections Fund
Net Cash Provided/(Used) by Operating Activities Brought Forward	\$ (780)	\$ (756)	\$ (567)
<b>Cash Flows From Non-Capital Financing Activities</b>			
Operating Transfers In		319	650
Operating Transfers Out			
Increase/(Decrease) in Cash Deficit		(372)	
Received from Auxiliary Services	298		4
Indirect Cost Recovery		813	
Indirect Cost			(87)
Net Cash Provided/(Used) by Non-Capital Financing Activities	298	760	567
<b>Cash Flows From Capital and Related Financing Activities</b>			
Loss on Disposal of Fixed Assets			
Acquisition of Fixed Assets	(24)	(4)	(3)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(24)	(4)	(3)
<b>Cash Flows From Investing Activities</b>			
Interest and Dividend Income	229		
Net Cash Provided/(Used) by Investing Activities	229		
Net Increase/(Decrease) in Cash and Cash Equivalents	(277)		(3)
Cash and Investments, Beginning of Year	7,524		8
Cash and Investments, End of Year	\$ 7,247	\$	\$ 5

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$ (3,000)	\$ (3,564)	\$ 63	\$ (126)	\$ (2,703)	\$ (11,433)
1,650	9				2,628
	(1,048)			(2,023)	(3,071)
	209		76		(87)
	41		82	41	466
2,662	4,443			5,546	13,464
(29)		(54)	(28)		(198)
4,283	3,654	(54)	130	3,564	13,202
(947)	(166)	(23)	(4)	(11)	(11)
				(165)	(1,336)
(947)	(166)	(23)	(4)	(176)	(1,347)
	12	15		25	281
	12	15		25	281
336	(64)	1		710	703
3	64	252		183	8,034
\$ 339	\$	\$ 253	\$	\$ 893	\$ 8,737

**Combining Balance Sheet**  
**All Fiduciary Fund Types**  
**September 30, 1998**  
**(In Thousands)**

	<u>Expendable Trust Fund</u>	<u>Pension Trust Fund</u>	<u>Totals</u>
	Stormwater Management Authority	General Retirement System	Current Year
<b>ASSETS</b>			
Cash and Investments	\$ 960	\$ 537,796	\$ 538,756
Interest Receivable		4,524	4,524
Contributions Receivable		526	526
Other Receivables		6	6
Fixed Assets, Net Where Applicable	39		39
<b>TOTAL ASSETS</b>	<b>999</b>	<b>542,852</b>	<b>543,851</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts Payable	96	59	155
Accrued Payroll and Taxes	22		22
Due to Other Funds	1,391		1,391
Accrued Compensated Absences	40		40
<b>TOTAL LIABILITIES</b>	<b>1,549</b>	<b>59</b>	<b>1,608</b>
<b>FUND EQUITY</b>			
Investment in General Fixed Assets	39		39
Fund Balance:			
Reserved for:			
Encumbrances			
Contingent Refunds		53,187	53,187
Retirement/Disability Benefits		489,606	489,606
Unreserved	(589)		(589)
<b>TOTAL FUND EQUITY</b>	<b>(550)</b>	<b>542,793</b>	<b>542,243</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 999</b>	<b>\$ 542,852</b>	<b>\$ 543,851</b>

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*Supplementary Information*

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 1998  
(In Thousands)***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<b><u>Direct Program</u></b>		
Community Development Block Grants/ Entitlement Grants	14.218	B93-UC-01-0001
	14.218	B94-UC-01-0001
	14.218	B95-UC-01-0001
	14.218	B96-UC-01-0001
	14.218	B97-UC-01-0001
Program Income Generated on CDBG Revolving Loan Funds	14.218	
Sub-Total Community Development Block Grants/ Entitlement Grants (M)		
HOME Program	14.239	M93-UC-01-0001
	14.239	M94-UC-01-0001
	14.239	M95-UC-01-0001
	14.239	M96-UC-01-0001
Sub-Total HOME Program (M)		
Lead - Based Paint Hazard Control in Privately - Owned Housing	14.900	ALLAGOO65-97
Emergency Shelter Grants Program	14.231	S96-UC-01-0006
	14.231	S97-UC-01-0001
Sub-Total Emergency Shelter Grants Program (Direct Program)		
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<b><u>Passed Through Alabama Department of Economic and Community Affairs</u></b>		
Emergency Shelter Grants Program	14.231	ESG-96-036
	14.231	ESG-97-036
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 9-30-98	\$ 3,272,000	\$ 3,272,000	\$	\$ 112,764
10-1-94 To 9-30-98	3,562,000	3,562,000		51,965
10-1-95 To 9-30-98	3,219,000	3,219,000	1,169,984	257,007
10-1-96 To 9-30-98	3,118,000	3,118,000	2,319,750	989,648
10-1-97 To 9-30-98	2,838,000	2,838,000	11,249	2,089,598
10-1-97 To 9-30-98			1,150,142	1,150,142
	16,009,000	16,009,000	4,651,124	4,651,124
10-1-93 To 9-30-98	1,078,750	863,000	18,886	18,886
10-1-94 To 9-30-98	1,156,250	925,000	69,399	69,399
10-1-95 To 9-30-98	1,245,000	996,000	846,927	846,927
10-1-96 To 9-30-98	1,145,000	916,000	755,047	755,047
	4,625,000	3,700,000	1,690,259	1,690,259
6-18-97 To 6-17-00	1,116,255	1,014,778	157,379	157,379
10-1-96 To 9-30-98	164,000	82,000	526	526
10-1-97 To 9-30-98	162,000	81,000	49,615	49,615
	326,000	163,000	50,141	50,141
10-1-96 To 6-3-98	600,000	300,000	13,267	13,267
6-3-97 To 6-2-99	383,000	191,500	174,450	174,450
	983,000	491,500	187,717	187,717
	1,309,000	654,500	237,859	237,859
	23,059,255	21,378,278	6,736,622	6,736,622
	\$ 23,059,255	\$ 21,378,278	\$ 6,736,622	\$ 6,736,622

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 1998  
(In Thousands)***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>
<b>Sub-Total Brought Forward</b>		
<b><u>U.S. Department of Agriculture</u></b>		
<b><u>Passed Through Alabama Department of Education</u></b>		
School Breakfast Program	10.553	
National School Lunch Program	10.555	
Sub-Total Child Nutrition Cluster		
<b><u>Passed Through Alabama Commission on Aging</u></b>		
Commodity Supplemental Food Program	10.570	
Total U.S. Department of Agriculture		
<b><u>U.S. Department of Health and Human Services</u></b>		
<b><u>Direct Program</u></b>		
Grants to Provide Outpatient Early Intervention Services With Respect to HIV Disease	93.918	CSH403145-04-0 6H76HA00098-052
Sub-Total		
<b><u>Passed Through Alabama Commission on Aging</u></b>		
<b>Special Programs for the Aging</b>		
Title III, Part B - Grants for Supportive Services and Senior Centers - Administrative	93.044	03-01-03-03a
Title III, Part B - Grants for Supportive Services and Senior Centers - Social Services	93.044	03-01-03-03a
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 (M)		
Title III, Part D - In Home Services for Frail Older Individuals	93.046	03-01-03-03a
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	03-01-03-03a
Title III, Part F - Disease Prevention and Health Promotion Services	93.043	03-01-03-03a
Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	03-01-03-03a
Health Care Financing Research, Demonstrations and Evaluations	93.779	03-01-03-03a
Total U.S. Department of Health and Human Services		
Sub-Total Forward		



Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 23,059,255	\$ 21,378,278	\$ 6,736,622	\$ 6,736,622
10-1-97 To 9-30-98	35,749	35,749	35,749	35,749
10-1-97 To 9-30-98	64,378	64,378	64,378	64,378
	<u>100,127</u>	<u>100,127</u>	<u>100,127</u>	<u>100,127</u>
10-1-97 To 9-30-98	193,589	193,589	193,589	193,589
	<u>293,716</u>	<u>293,716</u>	<u>293,716</u>	<u>293,716</u>
10-1-96 To 12-31-97	1,318,730	520,739	104,148	104,148
1-1-98 To 12-31-98	558,008	558,008	460,331	460,331
	<u>1,876,738</u>	<u>1,078,747</u>	<u>564,479</u>	<u>564,479</u>
10-1-97 To 9-30-98	142,613	104,860	61,716	61,716
10-1-97 To 9-30-98	675,498	615,303	384,967	384,967
	<u>818,111</u>	<u>720,164</u>	<u>446,683</u>	<u>446,683</u>
10-1-97 To 9-30-98	946,205	785,027	598,567	598,567
10-1-97 To 9-30-99	623,473	349,727	236,853	236,853
	<u>1,569,678</u>	<u>1,134,754</u>	<u>835,420</u>	<u>835,420</u>
	<u>2,387,789</u>	<u>1,854,918</u>	<u>1,282,103</u>	<u>1,282,103</u>
10-1-97 To 9-30-98	52,875	47,449	19,477	19,477
10-1-97 To 9-30-99	24,447	22,038	8,248	8,248
10-1-97 To 9-30-98	53,842	45,106	30,600	30,600
10-1-97 To 9-30-98	52,152	8,623	3,983	3,983
10-1-97 To 9-30-98	46,774	46,774	5,041	5,041
	<u>4,494,617</u>	<u>3,103,656</u>	<u>1,913,930</u>	<u>1,913,930</u>
	\$ 27,847,588	\$ 24,775,650	\$ 8,944,268	\$ 8,944,268

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 1998  
(In Thousands)***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>
<b>Sub-Total Brought Forward</b>		
<b><u>U.S. Department of Labor</u></b>		
<b><u>Direct Program</u></b>		
Senior Community Service Employment Program (M)	17.235 17.235	D-6135-7-00-81-55 D-6636-8-00-81-55
<b>Total U.S. Department of Labor</b>		
<b><u>U.S. Department of Transportation</u></b>		
<b><u>Passed Through Alabama Department of Transportation</u></b>		
Public Transportation for Nonurbanized Areas	20.509	RPT-37(15)
<b>Total U.S. Department of Transportation</b>		
<b><u>Federal Emergency Management Agency</u></b>		
<b><u>Passed Through Alabama Emergency Management Agency</u></b>		
State and Local Emergency Management Assistance	83.534	98-SLA-01
Public Assistance Grants	83.544 83.544 83.544	FEMA-1214-DR-AL,PA FEMA-1214-DR-AL,PA 5% Hazard Mitigation Grant
<b>Sub-Total Public Assistance Grants (M)</b>		
Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act of 1986	83.011 83.011	96-HMT-01 97-HM-01
<b>Sub-Total Hazardous Materials</b>		
<b>Total Federal Emergency Management Agency</b>		
<b>Sub-Total Forward</b>		

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 27,847,588	\$ 24,775,650	\$ 8,944,268	\$ 8,944,268
7-1-97 To 6-30-98	603,047	527,169	425,263	425,263
7-1-98 To 6-30-99	586,017	520,072	130,694	130,694
	<u>1,189,064</u>	<u>1,047,241</u>	<u>555,957</u>	<u>555,957</u>
10-1-97 To 9-30-98	208,213	107,611	80,100	80,100
	<u>208,213</u>	<u>107,611</u>	<u>80,100</u>	<u>80,100</u>
10-1-97 To 9-30-98	70,396	55,021	55,021	55,021
4-8-97 To 9-30-98	5,357,587	4,032,298	3,673,237	3,673,237
4-8-97 To 9-30-99	32,111	24,083	24,083	24,083
10-1-97 To 9-30-98	30,000	30,000	30,000	30,000
	<u>5,419,698</u>	<u>4,086,381</u>	<u>3,727,320</u>	<u>3,727,320</u>
10-1-96 To 9-30-98	9,209	9,209	9,209	9,209
10-1-97 To 9-30-98	9,000	9,000	9,000	9,000
	<u>18,209</u>	<u>18,209</u>	<u>18,209</u>	<u>18,209</u>
	<u>5,508,303</u>	<u>4,159,611</u>	<u>3,800,550</u>	<u>3,800,550</u>
	\$ 34,753,168	\$ 30,090,112	\$ 13,380,875	\$ 13,380,875

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 1998  
(In Thousands)***

<b>Federal Grantor/ Pass-Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>
Sub-Total Brought Forward		
<b><u>U.S. Department of Justice</u></b>		
<b><u>Direct Program</u></b>		
Local Law Enforcement Block Grants Program	16.592	97-LB-VX-4219
<b><u>Passed Through City of Birmingham</u></b>		
Local Law Enforcement Block Grants Program	16.592	69-9523-15-5
Sub-Total Local Law Enforcement Block		
<b><u>Passed Through City of Sylvan Springs</u></b>		
COPS Universal Hiring Program	16.710	98-UM-WX-2075
<b><u>Passed Through Alabama Department of Economic and Community Affairs</u></b>		
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	JF-96-03-0005
Part E - State Challenge Activities	16.549	97-JE-JC-002
Total U.S. Department of Justice		
<b><u>General Services Administration</u></b>		
<b><u>Passed Through Alabama Department of Economic and Community Affairs</u></b>		
Donation of Federal Surplus Personal Property (N)	39.003	
Total General Services Administration		
<b><u>Other Federal Assistance</u></b>		
<b><u>U.S. Department of Transportation</u></b>		
<b><u>Passed Through Alabama Department of Transportation</u></b>		
Congestion Mitigation and Air Quality Improvement Program	N/A	CMAQ-9802 (94)
<b><u>Federal Emergency Management Agency</u></b>		
<b><u>Passed Through Alabama Emergency Management Agency</u></b>		
Chemical Stockpile Emergency Preparedness Program	83.549	96-CSP-01
	83.549	97-CSP-01
	83.549	98-CSP-01
Total Chemical Stockpile Emergency		
Total Other Federal Assistance		
Total Expenditures of Federal Awards		

(M) = Major Program

(N) = Non-cash Assistance

N/A = Not Available

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

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 34,753,168	\$ 30,090,112	\$ 13,380,875	\$ 13,380,875
10-1-97 To 9-30-99	247,985	223,187	223,187	223,187
10-1-97 To 9-30-99	783,126	704,813	704,813	704,813
	1,031,111	928,000	928,000	928,000
4-1-98 To 3-31-01	556,880	375,000	59,590	59,590
10-1-96 To 7-14-98	50,053	50,053	50,053	50,053
3-1-97 To 7-31-98	70,114	70,114	53,329	53,329
	1,708,158	1,423,167	1,090,972	1,090,972
10-1-97 To 9-30-98	4,566	4,566	4,566	4,566
	4,566	4,566	4,566	4,566
10-1-97 To 10-1-98	125,000	100,000	93,853	93,853
10-1-95 To 9-30-98	4,820	4,820	4,820	4,820
10-1-96 To 9-30-98	11,116	11,116	11,116	11,116
10-1-97 To 9-30-98	71,713	71,713	63,818	63,818
	87,649	87,649	79,754	79,754
	212,649	187,649	173,607	173,607
	\$ 36,678,542	\$ 31,705,495	\$ 14,650,021	\$ 14,650,021

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***Notes to the Schedule of Expenditures  
of Federal Awards  
For the Year Ended September 30, 1998***

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**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of 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 of CDBG Revolving Loan funds. The balance of such loans outstanding at September 30, 1998, was \$3,919,212.

Jefferson County also issues loans through the Community Development Office for eligible participants of the Housing Rehabilitation Program. The balance of such loans outstanding at September 30, 1998, was \$333,105.

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*Additional Information*

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***Commission Members and Administrative Personnel***  
***October 1, 1997 through September 30, 1998***

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<b>Commission Members</b>		<b>Term Expires</b>
Hon. Mary Miller Buckelew, President	Room A690 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. Gary L. White, Member	Room A680 Jefferson County Courthouse Birmingham, AL 35263	2002

**Administrative Personnel**

Mr. Steve Saylor, Finance Director	Room 810 Jefferson County Courthouse Birmingham, AL 35263	
Mr. Travis Hulsey, Assistant Finance Director	Room 810 Jefferson County Courthouse Birmingham, AL 35263	
Mr. Danny Panos, Chief Accountant	Room 820 Jefferson County Courthouse Birmingham, AL 35263	



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

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We have audited the financial statements of the Jefferson County Commission (the "Commission") as of and for the year ended September 30, 1998, and have issued our qualified report thereon dated January 29, 1999. 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**

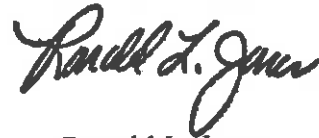
In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

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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

January 29, 1999

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

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## **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, 1998. 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, 1998.

## **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.

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

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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

January 29, 1999

**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 1998**

**Section I - Summary of Examiner's Results**

**Financial Statements**

Type of opinion issued: Qualified  
 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)? \_\_\_\_\_ Yes  X  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  No  
 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
14.239	Grants/Entitlement Grants
93.044 and 93.045	HOME Program
17.235	Aging Cluster
83.544	Senior Community Service Employment Program
	Public Assistance Grants Program

Dollar threshold used to distinguish Between  
 Type A and Type B programs: \$439,356.00

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  X  No

***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 1998***

**Section II – Financial Statement Findings (GAGAS)**

Ref. No.	Type of Finding	Finding/Noncompliance	Questioned Costs
		No matters were reportable	

**Section III – Federal Awards Findings and Questioned Costs**

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

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*Summary Schedule of Prior Audit Findings*

**JEFFERSON COUNTY COMMISSION**



**MARY M. BUCKELEW**

PRESIDENT


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

**Summary Schedule of Prior Audit Findings  
For the Year Ended September 30, 1997**

As required by the Office of Management and Budget (OMB) Circular No. A-133, **Audits of States, Local Governments, and Non-Profit Organizations** Section \_\_\_\_\_.315(b), the Jefferson County Commission has prepared and hereby submits the following Summary Schedule of Prior Audit Findings as of September 30, 1998.

<b>Finding Ref. No.</b>	<b>Status of Prior Audit Finding</b>
97.6	Corrective action was taken.
97.7	Corrective action was taken.
97.8	Corrective action was taken.
97.9	Corrective action was taken.
97.10	Corrective action was taken.

  
\_\_\_\_\_  
Commissioner Mary M. Buckelew, President

  
\_\_\_\_\_  
Date



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*Auditee Response/Corrective Action Plan*

**JEFFERSON COUNTY COMMISSION**



**GARY WHITE**

PRESIDENT

680-A Courthouse, Birmingham, Alabama 35263-0055

Telephone (205) 325-5503

February 26, 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. Doug Clark's letter dated February 25, 1999.

Very truly yours,

Commissioner Gary White  
President

Enclosure

cc: Jefferson County Commission  
Sheriff Mike Hale  
Edwin A. Strickland  
Steve Sayler  
Jerry Drake

**Corrective Action Plan  
For the Year Ended September 30, 1998**

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, 1998.

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

**Finding:** At September 30, 1998, the following funds have deficit fund balances:

Road Fund	\$3,082,000
Stormwater Management Authority Fund	\$ 550,000

**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 1999 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. As noted in the Notes to the Financial Statements the Stormwater Authority Fund is a new operation. The Authority expects their 1999 fiscal year income to eliminate their negative fund balance.

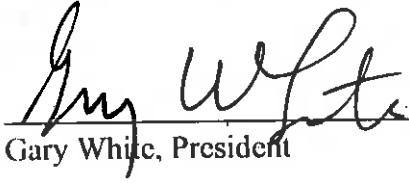
**Finding:** Several new employees tested did not have I-9 Forms on file. Also, of the four contract workers tested, it appeared that, in accordance with IRS regulations, all should have been classified as Commission employees rather than independent contractors.

**Response:** The Jefferson County Personnel Board provides the Commission with human resource services such as I-9 Forms retention. The County Attorney advises the Commission that contract employees are in compliance with all laws.

**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 \$13,652.41 from another vendor.

**Response:** The newly elected Sheriff of Jefferson County is reviewing all of his financial transactions under a special audit conducted by your department. We expect the

Sheriff to address this issue at the same time he handles the results of your department's special audit.

A handwritten signature in black ink, appearing to read "Gary White", is written over a horizontal line. The signature is cursive and somewhat stylized.

Gary White, President