

Report on the

# Jefferson County Commission

Jefferson County, Alabama

October 1, 1999 Through September 30, 2000

Filed: March 30, 2001



## 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**

P.O. Box 302251, Montgomery, AL 36130-2251  
50 North Ripley Street, Room 3201  
Montgomery, Alabama 36104-3833  
Telephone (334) 242-9200  
FAX (334) 242-1775

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, 1999 through September 30, 2000.

**SCOPE AND OBJECTIVES**

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

**CONTENTS OF REPORT**

This report includes the following segments:

1. **Report to the Chief Examiner** – contains items pertaining to state legal compliance, agency operations and other matters.
2. **Financial Section** – includes basic financial statements (Exhibits 1 through 6); Notes to the Financial Statements; required supplementary information (Exhibit 7); combining financial statements (Exhibits 8 through 19); a Schedule of Expenditures of Federal Awards (Exhibit 20), which details federal assistance received and expended during the audit period; Notes to the Schedule of Expenditures of Federal Awards; and the *Independent Auditor's Report*, which reports on whether the included financial information constitutes a fair presentation of the financial position and results of financial operations.

3. **Additional Information** – contains basic information related to the Commission (Exhibit 21) and the following reports and items required by generally accepted government auditing standards and/or U.S. Office of Management and Budget (OMB) Circular A-133 for federal compliance audits:

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

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

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

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

### **AUDIT COMMENTS**

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

The Birmingham Water Works Board (BWWB) and the City of Bessemer, Alabama – Water Service Department (Bessemer Water Service) bill and collect sewer service charges for the Jefferson County Commission (Commission). For the fiscal year ended September 30, 2000, neither BWWB nor Bessemer Water Service engaged an auditor to provide a report on each entity's internal controls that may be relevant to the Commission's internal controls.

**AUDIT FINDINGS**

- ◆ The Alabama Competitive Bid Law requires that items be purchased for the bid price. Chargers for two-way radios were purchased from the vendor who was awarded the bid, but were not purchased for the price stated in that vendor’s bid.
- ◆ The *Code of Alabama 1975*, Section 39-2-2(e), states “in case of an emergency affecting public health, safety, or convenience, ...contracts may be let to the extent necessary to meet the emergency without public advertisement.” This *Code* section relieves the County from the requirements of public advertising, but does not relieve the County from bidding. Jefferson County Commission did not bid emergency repairs that were in excess of \$50,000.

**STATUS OF PRIOR AUDIT FINDINGS**

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

- ◆ Procedures were not in place to ensure compliance with all contract provisions between the Commission and Bessemer Water Service for sewer billing services.
- ◆ At September 30, 2000, the following fund had a deficit fund balance:

Road Fund	\$2,890,000
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- ◆ 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 \$20,852.71 from another vendor.

**SUMMARY OF FEDERAL COMPLIANCE AND FEDERAL INTERNAL CONTROL**

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

**RECOMMENDATIONS**

- ◆ The Commission should purchase bid items from the vendor awarded the bid at the bid price.
- ◆ The Commission should comply with the provisions of the Alabama Public Works Law.
- ◆ Procedures should be implemented to ensure compliance with all contract provisions between the Commission and Bessemer Water Service for sewer billing services.

- ◆ The Commission should eliminate the deficit fund balance.
- ◆ The Commission should comply with the provisions of the Alabama Competitive Bid Law.

Sworn to and subscribed before me this  
the 15<sup>th</sup> day of March, 2001.

Delann E. Dollyhigh  
Notary Public

Respectfully submitted,

Elizabeth Crowson

Elizabeth Crowson  
Examiner of Public Accounts

Sworn to and subscribed before me this  
the 15<sup>th</sup> day of March, 2001.

Delann E. Dollyhigh  
Notary Public

Roderick Edwards

Roderick Edwards  
Examiner of Public Accounts

Sworn to and subscribed before me this  
the 15<sup>th</sup> day of March, 2001.

Delann E. Dollyhigh  
Notary Public

Cherie Raffle

Cherie Raffle  
Examiner of Public Accounts

Sworn to and subscribed before me this  
the 15<sup>th</sup> day of March, 2001.

Delann E. Dollyhigh  
Notary Public

Jenelle Smith

Jenelle Smith  
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, 2000, as listed in the table of contents as Exhibits 1 through 6. These financial statements are the responsibility of the Jefferson County Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the financial position of the primary government, the Jefferson County Commission, as of September 30, 2000, 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 accounting principles generally accepted in the United States of America.

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, 2000, 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 accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, we have also issued our report dated February 23, 2001 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. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** and should be read in conjunction with this report in considering the results of our audit.



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

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



Ronald L. Jones  
Chief Examiner

Department of Examiners of Public Accounts

February 23, 2001

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***Combined Balance Sheet***  
***All Fund Types and Account Groups***  
***September 30, 2000***  
***(In Thousands)***

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>ASSETS</b>				
Cash and Investments	\$ 34,039	\$ 2,789	\$ 89,713	\$ 14,682
Accounts Receivable, Net	26			
Loans Receivable, Net		3,473		
Patient Accounts Receivable, Net				
Interest Receivable		11		
Contributions Receivable				
Due from Other Governments	10,756	5,734		295
Inventories	197	1,814		
Prepaid Expenses	465	16		
Fixed Assets, Net Where Applicable				
Amount Available in Debt Service Fund				
Accreted Interest				
Warrant Issuance Cost				
Deferred Loss on Early Debt Retirement				
Amount to Be Provided for Payment of General Long-Term Debt				
Amount to Be Provided for Payment of Compensated Absences				
<b>TOTAL ASSETS</b>	<b>\$ 45,483</b>	<b>\$ 13,837</b>	<b>\$ 89,713</b>	<b>\$ 14,977</b>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only) Current Year
\$ 689,608	\$ 12,699	\$ 685,747	\$	\$	\$ 1,529,277
12,795	26				12,847
		610			4,083
7,741					7,741
		5,670			5,681
		572			572
1,514	2,520				20,819
1,590	1,021				4,622
607	141				1,229
1,082,532	14,122	199	359,944		1,456,797
				87,230	87,230
				5,482	5,482
23,058					23,058
3,230					3,230
				113,498	113,498
				9,673	9,673
<b>\$ 1,822,675</b>	<b>\$ 30,529</b>	<b>\$ 692,798</b>	<b>\$ 359,944</b>	<b>\$ 215,883</b>	<b>\$ 3,285,839</b>

***Combined Balance Sheet***  
***All Fund Types and Account Groups***  
***September 30, 2000***  
***(In Thousands)***

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>				
<b><u>LIABILITIES</u></b>				
Cash Deficit	\$		\$ 702	\$
Accounts Payable	654	756		3,610
Deposits Payable	4			
Due to Other Governments	89	4,370		
Deferred Revenues		92		
Other Payables	2	1		
Accrued Payroll and Taxes	4,932	351		
Accrued Interest Payable			2,483	
Retainage Payable				
Arbitrage Rebate Payable				
Estimated Liability for Compensated Absences	761	443		
Estimated Claims Liability				
Warrants Payable				
Estimated Liability for Closure/Postclosure Care Costs				
<b>TOTAL LIABILITIES</b>	<b>6,442</b>	<b>6,715</b>	<b>2,483</b>	<b>3,610</b>
<b><u>FUND EQUITY</u></b>				
Retained Earnings				
Investment in General Fixed Assets				
Fund Balances:				
Reserved for Inventory	197	1,814		
Reserved for Petty Cash	66	2		
Reserved for Mapping and Appraisal	691			
Reserved for E-911	(1,406)			
Reserved for CGH Foundation		668		
Reserved for Loan Receivable		3,473		
Reserved for Debt Service			87,230	
Reserved for Trust Requirements				
Reserved for Encumbrances	2,689	15,304		27,595
Reserved for Contingent Refunds				
Reserved for Retirement/Disability Benefits				
Unreserved	36,804	(14,139)		(16,228)
<b>TOTAL FUND EQUITY</b>	<b>39,041</b>	<b>7,122</b>	<b>87,230</b>	<b>11,367</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 45,483</b>	<b>\$ 13,837</b>	<b>\$ 89,713</b>	<b>\$ 14,977</b>

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	(Memorandum Only) Current Year
\$	\$	\$	\$	\$	\$
28,553	2,145	513			2,847
36	796				34,882
					40
					4,459
					92
249	16	1			269
1,123	339	14			6,759
13,762					16,245
6,115					6,115
3,461					3,461
6,059	2,456	119		9,673	19,511
	2,659				2,659
1,558,885				206,210	1,765,095
3,262					3,262
1,621,505	8,411	647		215,883	1,865,696
201,170	22,118		359,944		223,288
					359,944
					2,011
					68
					691
					(1,406)
					668
		610			4,083
					87,230
		1,051			1,051
		466			46,054
		61,773			61,773
		628,251			628,251
					6,437
201,170	22,118	692,151	359,944		1,420,143
\$ 1,822,675	\$ 30,529	\$ 692,798	\$ 359,944	\$ 215,883	\$ 3,285,839

***Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds For the Year Ended September 30, 2000 (In Thousands)***

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>
<b>REVENUES</b>			
Taxes	\$ 61,050	\$ 75,138	\$
Licenses and Permits	58,606		
Intergovernmental	14,427	17,466	726
Charges for Services	18,242	482	8
Indirect Cost Recovery	7,392		
Investment Income	6,606	576	3,292
Miscellaneous	259	2,663	
<b>TOTAL REVENUES</b>	<b>166,582</b>	<b>96,325</b>	<b>4,026</b>
<b>EXPENDITURES</b>			
Current:			
General Government	52,128	11,752	
Public Safety	47,298	678	
Highways and Roads		29,779	
Health and Welfare	702	2,632	
Culture and Recreation	12,677		
Education	185		
Capital Outlay	3,584	2,253	
Debt Service:			
Principal Retirement			15,252
Interest and Fiscal Charges			8,657
Indirect Cost	14,446	4,474	44
<b>TOTAL EXPENDITURES</b>	<b>131,020</b>	<b>51,568</b>	<b>23,953</b>
Excess of revenues over (under) expenditures	35,562	44,757	(19,927)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Debt Transaction			107,125
Payment to Bond Agent			(57,896)
Bond Discount and Issuance Costs			(425)
Operating Transfers In	2	20,200	31,295
Proceeds from Sale of Fixed Assets	49	180	
Operating Transfers Out	(84,160)	(64,796)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(84,109)</b>	<b>(44,416)</b>	<b>80,099</b>
Excess of revenues and other sources over (under) expenditures and other uses	(48,547)	341	60,172
Fund balances at beginning of year	87,588	6,781	27,058
Fund balances at end of year	\$ 39,041	\$ 7,122	\$ 87,230

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

Capital Projects	Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only) Current Year
\$	\$	\$
		136,188
		58,606
4,733	2,220	39,572
873		19,605
		7,392
332	23	10,829
220	96	3,238
<u>6,158</u>	<u>2,339</u>	<u>275,430</u>
	1,312	65,192
		47,976
6,952		36,731
		3,334
		12,677
		185
31,993	108	37,938
		15,252
		8,657
	19	18,983
<u>38,945</u>	<u>1,439</u>	<u>246,925</u>
<u>(32,787)</u>	<u>900</u>	<u>28,505</u>
		107,125
		(57,896)
		(425)
32,812		84,309
95	(3)	321
<u>(4,487)</u>		<u>(153,443)</u>
<u>28,420</u>	<u>(3)</u>	<u>(20,009)</u>
(4,367)	897	8,496
15,734	1,230	138,391
<u>\$ 11,367</u>	<u>\$ 2,127</u>	<u>\$ 146,887</u>



***Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types For the Year Ended September 30, 2000 (In Thousands)***

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>			
Taxes	\$ 60,026	\$ 61,050	\$ 1,024
Licenses and Permits	57,574	58,606	1,032
Intergovernmental	14,930	14,427	(503)
Charges for Services	18,268	18,242	(26)
Indirect Cost Recovery	7,045	7,392	347
Investment Income	6,907	6,606	(301)
Miscellaneous	295	259	(37)
<b>TOTAL REVENUES</b>	<b>165,045</b>	<b>166,582</b>	<b>1,536</b>
<b><u>EXPENDITURES</u></b>			
Current:			
General Government	55,083	52,128	2,955
Public Safety	46,061	47,298	(1,237)
Highways and Roads			
Health and Welfare	702	702	
Culture and Recreation	12,677	12,677	
Education	186	185	1
Capital Outlay	5,541	3,584	1,957
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Indirect Cost	14,485	14,446	39
<b>TOTAL EXPENDITURES</b>	<b>134,735</b>	<b>131,020</b>	<b>3,715</b>
Excess of revenues over (under) expenditures	30,310	35,562	5,252
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Proceeds from Debt Transaction			
Payment to Bond Agent			
Operating Transfers In	2	2	
Process from Sale of Fixed Assets	100	49	(51)
Bond Discount and Issuance Costs			
Operating Transfers Out	(97,019)	(84,160)	12,859
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(96,917)</b>	<b>(84,109)</b>	<b>12,808</b>
Excess of revenues and other sources over (under) expenditures and other uses	(66,607)	(48,547)	18,060
Fund balances at beginning of year	87,589	87,588	(1)
<b>Fund Balances at end of year</b>	<b>\$ 20,982</b>	<b>\$ 39,041</b>	<b>\$ 18,059</b>

<b>Special Revenue</b>			
<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	
\$ 74,678	\$ 75,138	\$ 460	
38,062	17,466	(20,596)	
461	482	21	
510	576	66	
2,080	2,663	581	
<u>115,791</u>	<u>96,325</u>	<u>(19,468)</u>	
17,381	11,752	5,629	
808	678	130	
32,094	29,779	2,315	
5,012	2,632	2,379	
2,570	2,253	317	
4,417	4,474	(57)	
<u>62,282</u>	<u>51,568</u>	<u>10,713</u>	
<u>53,509</u>	<u>44,757</u>	<u>(8,755)</u>	
29,647	20,200	(9,446)	
	180	180	
<u>(25,890)</u>	<u>(64,796)</u>	<u>(38,906)</u>	
<u>3,757</u>	<u>(44,416)</u>	<u>(48,173)</u>	
57,266	341	(56,925)	
6,781	6,781		
<u>\$ 64,047</u>	<u>\$ 7,122</u>	<u>\$ (56,925)</u>	

***Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types For the Year Ended September 30, 2000 (In Thousands)***

	Debt Service		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES</b>			
Taxes	\$	\$	\$
Licenses and Permits			
Intergovernmental	720	726	6
Charges for Services	11	8	(3)
Indirect Cost Recovery			
Investment Income	2,981	3,292	311
Miscellaneous			
<b>TOTAL REVENUES</b>	<b>3,712</b>	<b>4,026</b>	<b>314</b>
<b>EXPENDITURES</b>			
Current:			
General Government			
Public Safety			
Highways and Roads			
Health and Welfare			
Culture and Recreation			
Education			
Capital Outlay			
Debt Service:			
Principal Retirement	12,622	15,252	(2,630)
Interest and Fiscal Charges	11,723	8,657	3,066
Indirect Cost	44	44	
<b>TOTAL EXPENDITURES</b>	<b>24,389</b>	<b>23,953</b>	<b>436</b>
Excess of revenues over (under) expenditures	(20,677)	(19,927)	750
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Debt Transaction	107,125	107,125	
Payment to Bond Agent	(57,896)	(57,896)	
Operating Transfers In	31,295	31,295	
Process from Sale of Fixed Assets			
Bond Discount and Issuance Costs	(333)	(425)	(92)
Operating Transfers Out			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>80,191</b>	<b>80,099</b>	<b>(92)</b>
Excess of revenues and other sources over (under) expenditures and other uses	59,514	60,172	658
Fund balances at beginning of year	27,058	27,058	
Fund Balances at end of year	<b>\$ 86,572</b>	<b>\$ 87,230</b>	<b>\$ 658</b>

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

<b>Capital Projects</b>			<b>Variance</b>
<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>	
\$	\$	\$	
6,096	4,733	(1,363)	
1,280	873	(407)	
385	332	(53)	
220	220		
<u>7,981</u>	<u>6,158</u>	<u>(1,823)</u>	
22,096		22,096	
7,430	6,952	478	
12,141	31,993	(19,852)	
<u>41,667</u>	<u>38,945</u>	<u>2,722</u>	
<u>(33,686)</u>	<u>(32,787)</u>	<u>899</u>	
5,044	32,812	27,768	
27,769	95	(27,674)	
<u>(2,240)</u>	<u>(4,487)</u>	<u>(2,247)</u>	
<u>30,573</u>	<u>28,420</u>	<u>(2,153)</u>	
(3,113)	(4,367)	(1,254)	
15,733	15,734	1	
<u>\$ 12,620</u>	<u>\$ 11,367</u>	<u>\$ (1,253)</u>	

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***Combined Statement of Revenues, Expenses and Changes in Fund  
Equity - All Proprietary Fund Types  
For the Year Ended September 30, 2000  
(In Thousands)***

	Proprietary Fund Types		Totals
	Enterprise Funds	Internal Service Funds	(Memorandum Only) Current Year
<b><u>Operating Revenues</u></b>			
Taxes	\$ 4,487	\$	\$ 4,487
Intergovernmental		2,568	2,568
Charges for Services	80,021	17,996	98,017
Patient Revenue	30,636		30,636
Medicaid Disproportionate Share	3,294		3,294
Other Operating Revenue	4,480		4,480
Total Operating Revenues	122,918	20,564	143,482
<b><u>Operating Expenses</u></b>			
Provisions for Bad Debt	2,666		2,666
Salaries	54,141	15,969	70,110
Employee Benefits and Payroll Taxes	11,716	4,009	15,725
Utilities	6,441	3,384	9,825
Supplies	11,359	3,557	14,916
Depreciation and Amortization	36,388	2,070	38,458
Outside Services	11,363	2,780	14,143
Services from other Hospitals	4,262		4,262
Jefferson Clinic	12,538		12,538
Office Expense	2,088	432	2,520
Closure and Postclosure Care Cost	220		2,088
Miscellaneous	2,682	3,627	6,309
Total Operating Expenses	155,864	35,828	191,692
Operating Income/(Loss)	\$ (32,946)	\$ (15,264)	\$ (48,210)

***Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types  
For the Year Ended September 30, 2000  
(In Thousands)***

	Proprietary Fund Types		Totals
	Enterprise Funds	Internal Service Funds	(Memorandum Only) Current Year
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Arbitrage Rebates	\$ (2,858)	\$	\$ (2,858)
Interest Revenue	46,681	119	46,800
Miscellaneous Revenue	1,171	394	1,565
Interest Expense	(83,949)		(83,949)
Indirect Cost	(4,067)	(323)	(4,390)
Gain (Loss) on Sale of Fixed Assets	(328)	(43)	(371)
Indirect Cost Recovery		15,979	15,979
Total Nonoperating Revenues (Expenses)	<u>(43,350)</u>	<u>16,126</u>	<u>(27,224)</u>
Income/(Loss) Before Operating Transfers	<u>(76,296)</u>	<u>862</u>	<u>(75,434)</u>
<b><u>Operating Transfers</u></b>			
Operating Transfers In	68,667	5,982	74,649
Operating Transfers Out	(5,509)	(6)	(5,515)
Total Operating Transfers	<u>63,158</u>	<u>5,976</u>	<u>69,134</u>
Net Income/(Loss)	(13,138)	6,838	(6,300)
Fund Equity at beginning of year	<u>214,308</u>	<u>15,280</u>	<u>229,588</u>
Fund Equity at end of year	<u>\$ 201,170</u>	<u>\$ 22,118</u>	<u>\$ 223,288</u>

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

***Combined Statement of Cash Flows***  
***All Proprietary Fund Types***  
***For the Year Ended September 30, 2000***  
***(In Thousands)***

	<b>Proprietary Fund Types</b>		<b>Totals</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>(Memorandum Only) Current Year</b>
<b><u>Cash Flows from Operating Activities</u></b>			
Operating Income (Loss)	\$ (32,946)	\$ (15,264)	\$ (48,210)
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u></b>			
Depreciation	36,388	2,070	38,458
Provision for Bad Debts	1,871		1,871
(Increase)/Decrease in Accounts Receivable	(679)	(10)	(689)
(Increase)/Decrease in Patients Receivable	200		200
(Increase)/Decrease in Prepaid Items	(384)	(84)	(468)
(Increase)/Decrease in Due from Governmental Units	52	148	200
(Increase)/Decrease in Due from Other Funds		5	5
(Increase)/Decrease in Inventory	(205)	43	(162)
Increase/(Decrease) in Accounts Payable	1,537	334	1,871
Increase/(Decrease) in Other Accounts Payable	(566)	(94)	(660)
Increase/(Decrease) in Accrued Payroll and Taxes	(1,889)	(552)	(2,441)
Increase/(Decrease) in Deposits Payable	(4)		(4)
Increase/(Decrease) in Retainage Payable	2,430		2,430
Increase/(Decrease) in Interest Payable	(102)		(102)
Increase/(Decrease) in Arbitrage Rebate Payable	2,858		2,858
Increase/(Decrease) in Compensated Absences Payable	462	217	679
Increase/(Decrease) in Estimated Claims Liability		(378)	(378)
Increase/(Decrease) in Estimated Liability for Landfill Postclosure Costs	168		168
Total Adjustments	<u>42,137</u>	<u>1,699</u>	<u>43,836</u>
Net Cash Provided/(Used) by Operating Activities			
Carried Forward	<u>\$ 9,191</u>	<u>\$ (13,565)</u>	<u>\$ (4,374)</u>



***Combined Statement of Cash Flows***  
***All Proprietary Fund Types***  
***For the Year Ended September 30, 2000***  
***(In Thousands)***

	<b>Proprietary Fund Types</b>		<b>Totals</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>(Memorandum Only) Current Year</b>
Net Cash Provided/(Used) by Operating Activities			
Brought Forward	\$ 9,191	\$ (13,565)	\$ (4,374)
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>			
Operating Transfers In	68,667	5,982	74,649
Operating Transfers Out	(5,509)	(6)	(5,515)
Increase/(Decrease) in Cash Deficit	(12,608)	37	(12,571)
Received from Auxiliary Services	1,171	394	1,565
Indirect Cost Recovery		15,978	15,978
Indirect Cost	(4,067)	(322)	(4,389)
Net Cash Provided/(Used) by Non-Capital Financing Activities	47,654	22,063	69,717
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Interest Paid	(83,949)		(83,949)
Acquisition of Fixed Assets	(289,435)	(4,483)	(293,918)
Principal Payments	(13,090)		(13,090)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(386,474)	(4,483)	(390,957)
<b><u>Cash Flows from Investing Activities</u></b>			
Interest and Dividend Income	46,681	119	46,800
Net Cash Provided/(Used) by Investing Activities	46,681	119	46,800
Net Increase/(Decrease) in Cash and Cash Equivalents	(282,948)	4,134	(278,814)
Cash and Investments, Beginning of Year	972,556	8,565	981,121
Cash and Investments, End of Year	\$ 689,608	\$ 12,699	\$ 702,307

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

***Statement of Changes in Plan Net Assets  
Pension Trust Fund  
For the Year Ended September 30, 2000  
(In Thousands)***

	<b>Pension Trust Fund</b>
<b><u>Additions</u></b>	
Investment Income	
Net Appreciation in Fair Value of Investments	\$ 72,959
Investments	20,760
Dividends	2,828
Total Investment Income	<u>96,547</u>
Less: Investment Manager Fees	1,524
Sub-Total	<u>95,023</u>
Contributions	
Members	7,751
Employer	7,752
Total Contributions	<u>15,503</u>
Other	
Pistol Permits	234
Other Income	66
Sub-Total	<u>300</u>
Total Additions	<u>110,826</u>
<b><u>Deductions</u></b>	
Participant expenses	
Benefits paid to participants and beneficiaries	14,110
Refunds of member contributions	1,539
Interest paid on refunds of member contributions	122
Sub-Total	<u>15,771</u>
Administrative expenses	
Office Expenses	205
Other Expenses	43
Sub-Total	<u>248</u>
Total Deductions	<u>16,019</u>
Change in Net Assets	<u>94,807</u>
<b><u>Net Assets Held in Trust for Pension Benefits</u></b>	
Beginning of Year	<u>595,217</u>
End of Year	<u>\$ 690,024</u>

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2000*

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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, 2000*

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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 Fund Types**

Governmental fund types 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, 2000*

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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, 2000, 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, 2000, 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, 2000*

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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, 2000, 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, 2000*

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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. These funds include expendable trust and pension trust funds.

#### **Expendable Trust Fund**

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

#### **Pension Trust Fund**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2000*

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#### **ACCOUNT GROUPS**

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

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

#### **C. Basis of Accounting**

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

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

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

The modified accrual basis of accounting is used by all governmental fund types and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.



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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

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

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

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

**D. Budgets**

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

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

**E. Cash, Cash Equivalents and Investments**

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

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

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

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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. 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.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond September 30, 2000, are recorded as prepaid items.

**H. 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:

	Years
Buildings	28-50
Improvements	28
Equipment	5-30

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

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**I. 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.

**J. 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, 2000***

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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, 2000, the liability for accrued vacation and compensatory leave is approximately \$12,126,000. The amounts applicable to the proprietary funds of \$5,189,000 have been recorded in those funds. Only the current portion of \$1,128,000 has been reported as a liability in the governmental funds and fiduciary funds. The remainder of \$5,809,000 has been recorded in the General Long-Term Debt Account Group (GLTDAG).

As of September 30, 2000, the liability for accrued sick leave is approximately \$7,385,000. The amounts applicable to the proprietary funds of \$3,326,000 have been recorded in those funds. Only the current portion of \$195,000 has been reported as a liability in the governmental funds and fiduciary funds. The remainder of \$3,864,000 has been recorded in the General Long-Term Debt Account Group (GLTDAG).

**K. Long-Term Obligations**

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

**L. 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, 2000***

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**M. Bond Discounts/Issuance Costs**

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

Bond discount/issue cost of the Series 1999-A Sewer Revenue Warrants contain deferred costs of \$8,003,000 that are being amortized over 40 years. At September 30, 2000, the unamortized deferred cost of the 1999-A issue was \$7,686,000.

Bond discount/issue cost of the Series 1997-A Sewer Revenue Refunding Warrants contain deferred costs of \$9,956,000 that are being amortized over 30 years. At September 30, 2000, the unamortized deferred cost of the 1997-A issue was \$8,739,000.

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, 2000, the unamortized deferred cost of the 1997-B issue was \$198,000.

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, 2000, the unamortized deferred cost of the 1997-C issue was \$753,000.

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, 2000, the unamortized deferred cost of the 1997-D issue was \$5,565,000.

Bond discount/issue cost of the Series 1996 Landfill Warrants contain deferred costs of \$212,000 that are being amortized over 10 years. At September 30, 2000, the unamortized deferred cost of this issue was \$117,000.

**N. 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 operating transfers.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2000*

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#### **O. 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.

#### **P. Comparative Data**

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

#### **Q. Property Taxes**

Millage rates are levied at the first regular meeting of the Commission in February of each year.

Property taxes are assessed for property as of October 1 of the preceding year based on the millage rates established by the County Commission. Property taxes are due and payable October 1 and are delinquent after December 31.

#### **R. Policy re: FASB Pronouncements for Proprietary Activities**

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

#### **Note 2 – Budgets and Appropriations**

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

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2000*

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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.

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	\$ 485,067	\$	\$	\$ 485,067	\$ 485,067
Repurchase Agreements	542,230			542,230	542,230
Corporate Obligations*	148,267			148,267	148,267
Common Stocks*	301,094			310,094	310,094
<b>Total Investments</b>	<b>\$1,476,658</b>	<b>\$</b>	<b>\$</b>	<b>\$1,476,658</b>	<b>\$1,476,658</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 \$6,114,742.32 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.

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2000**

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.

**Note 4 – Due From Other Governments**

Amounts due from other governments included on the accompanying financial statements as of September 30, 2000, are as follows:

	(In Thousands)					Totals
	General Fund	Special Revenue Funds	Capital Projects Fund	Enterprise Funds	Internal Service Funds	
Federal	\$ 5	\$1,336	\$	\$	\$	\$ 1,341
State	835	63		1,023	28	1,949
County	9,388	4,252		56	312	14,008
Municipal	528	83	295	435	2,180	3,521
<b>Total</b>	<b>\$10,756</b>	<b>\$5,734</b>	<b>\$295</b>	<b>\$1,514</b>	<b>\$2,520</b>	<b>\$20,819</b>

**Note 5 – 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, 2000, are listed as follows:

	(In Thousands)				
	Governmental Fund Type	Proprietary Fund Types		Grand Total	
	General	Enterprise	Internal Service		
Accounts Receivable		\$26	\$16,360	\$26	\$16,412
Allowance Account			(3,565)		(3,565)
<b>Net Accounts Receivable</b>		<b>\$26</b>	<b>\$12,795</b>	<b>\$26</b>	<b>\$12,847</b>



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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

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**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	\$15,847
Allowance Account	(8,106)
Net Patient Receivables	<u>\$ 7,741</u>

**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 \$3,473,000 at September 30, 2000.

Jefferson County, as lead agency, administers a joint grant agreement with the City of Birmingham for Title IX Revolving Loans Funds to provide funding for qualifying private enterprises. At September 30, 2000, the balance of loans receivable (net of an allowance account) for the City of Birmingham totaled \$610,000.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

**Note 6 – Changes in Fixed Assets**

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

	(In Thousands)			Balance 9/30/2000
	Balance 10/01/1999	Additions	Reductions	
Land	\$ 10,729	\$ 323	\$2,028	\$ 9,024
Buildings	182,689	6,677		189,366
Improvements Other Than Land/Buildings	7,819		34	7,785
Equipment and Furniture	74,438	8,367	4,773	78,032
Construction in Progress	50,484	25,440	187	75,737
<b>Total</b>	<b>\$326,159</b>	<b>\$40,807</b>	<b>\$7,022</b>	<b>\$359,944</b>

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

	(In Thousands)			Balance 9/30/2000
	Balance 10/01/1999	Additions	Reductions	
Equipment and Furniture	\$229	\$127	\$	\$356
Less: Accumulated Depreciation	(99)	(58)		(157)
<b>Total</b>	<b>\$130</b>	<b>\$ 69</b>	<b>\$</b>	<b>\$199</b>

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

**Enterprise Funds**

	(In Thousands)			Balance 9/30/2000
	Balance 10/01/1999	Additions	Reductions	
Land	\$ 15,516	\$ 4,797	\$	\$ 20,313
Buildings	246,439	20,830	705	266,564
Improvements Other Than Land/Buildings	454,082	109,078	309	562,851
Equipment and Furniture	42,633	3,082	544	45,171
Construction in Progress	366,118	280,407	133,440	513,085
<b>Sub-Total</b>	<b>1,124,788</b>	<b>418,194</b>	<b>134,998</b>	<b>1,407,984</b>
Less: Accumulated Depreciation	(291,601)	(35,517)	1,666	(325,452)
<b>Total</b>	<b>\$ 833,187</b>	<b>\$382,677</b>	<b>\$133,332</b>	<b>\$1,082,532</b>

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

**Internal Service Funds**

	(In Thousands)			Balance 9/30/2000
	Balance 10/01/1999	Additions	Reductions	
Land	\$ 76	\$	\$	\$ 76
Buildings	6,640	79		6,719
Improvements Other Than Land/Buildings	542	6		548
Equipment and Furniture	10,723	4,386	1,129	13,980
Construction in Progress	624			624
Sub-Total	18,605	4,471	1,129	21,947
Less: Accumulated Depreciation	(6,855)	(2,095)	1,125	(7,825)
Total	<u>\$11,750</u>	<u>\$ 2,376</u>	<u>\$ 4</u>	<u>\$14,122</u>

**Note 7 – 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, 2000, the Commission paid a total of \$1,323,000 for operating leases.

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, 2000:

	(In Thousands)
	Facilities and Equipment
2000-01	\$ 244
2001-02	244
2002-03	244
2003-04	196
2004-05	196
Thereafter	1,901
Total Minimum Payments Required	<u>\$3,025</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2000*

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#### **Note 8 – 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 9 – 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.
- ◆ **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.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

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

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

	(In Thousands)							
	General Liability		Auto Liability		Workers' Compensation		Totals	
	2000	1999	2000	1999	2000	1999	2000	1999
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$551	\$108	\$200	\$120	\$2,286	\$1,612	\$3,037	\$1,840
Incurring claims and claim adjustment expenses:								
Provision for insured events of current fiscal Year	404	378	90	125	591	699	1,085	1,202
Increases in provision for insured events of prior fiscal years		313		73		1,186		1,572
Total incurred claims and claim adjustment expenses	404	691	90	198	591	1,885	1,085	2,774
Payments:								
Claims and claim adjustment expenses attributable to insured events of current fiscal year	270	248	315	118	878	1,211	1,463	1,577
Claims and claim adjustment expenses attributable to insured events of prior fiscal year								
Totals payments	270	248	315	118	878	1,211	1,463	1,577
Total unpaid claim and claim adjustment expenses at end of fiscal year	\$685	\$551	\$(25)	\$200	\$1,999	\$2,286	\$2,659	\$3,037

**Note 10 – Litigation**

On April 12, 1992, a class action was filed in Jefferson County Circuit Court by two sets of plaintiffs that are subject to the Special County License (Occupational) Tax. They contend that this tax violates the equal protection and due process clauses of the Fourteenth Amendment to the United States Constitution because of exemptions allowed to certain occupations. In addition, those plaintiffs who are federal employees claim that the Special County License Tax violates their rights under provision of the Buck Act which allows state and local taxation of compensation of federal officers and employees because of the source of compensation. The plaintiffs seek damages in the amount of taxes collected since January 1, 1988, costs, interest and attorney's fees and an injunction against the collection of the Special County License Tax in its current form with respect to all taxpayers. The County estimates a possible liability of \$500 million in refunds plus the additional loss of future revenues.

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2000*

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State legislators repealed the Special County License (Occupational) Tax effective April 1, 2000, and a new occupational tax was implemented by Act Number 2000-215, Acts of Alabama. The trial court enjoined the County from implementing the tax, therefore, the tax was never collected. The case is presently on appeal to the Alabama Supreme Court.

#### **Note 11 – 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, 2000:

	(In Thousands)			
	Debt Outstanding October 1, 1999	Issued/ Increased	Repaid/ Decreased	Debt Outstanding September 30, 2000
General Obligation Warrants	\$171,370	\$107,125	\$72,285	\$206,210
Estimated Liability for Compensated Absences	9,403	270		9,673
<b>Total</b>	<b>\$180,773</b>	<b>\$107,395</b>	<b>\$72,285</b>	<b>\$215,883</b>

The following is a summary of proprietary long-term debt transactions for the Commission for the year ended September 30, 2000:

	(In Thousands)			
	Debt Outstanding October 1, 1999	Issued/ Increased	Repaid/ Decreased	Debt Outstanding September 30, 2000
Warrants Payable	\$1,571,975	\$	\$13,090	\$1,558,885
Estimated Liability for Postclosure Landfill Costs	3,094	209	41	3,262
Estimated Claims Liability	3,037	1,085	1,463	2,659
Estimated Liability for Compensated Absences	7,837	678		8,515
<b>Total</b>	<b>\$1,585,943</b>	<b>\$1,972</b>	<b>\$14,594</b>	<b>\$1,573,321</b>

**Notes to the Financial Statements**  
**For the Year Ended September 30, 2000**

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

Fiscal Year Ended	(In Thousands)				Total Principal and Interest Requirements
	General Obligation Warrants		Revenue Warrants		
	Principal	Interest	Principal	Interest	
September 30, 2001	\$ 15,220	\$10,697	\$ 15,653	\$ 82,164	\$ 123,716
2002	13,635	9,516	8,495	81,439	113,085
2003	13,995	8,821	13,300	80,782	116,898
2004	21,570	8,204	2,595	80,320	112,689
2005	117,140	2,743	8,575	80,213	208,671
2006	15,460	1,857	6,490	79,808	103,615
2007	15,810	1,344	2,935	79,494	99,583
2008	5,815	815	3,055	79,373	89,058
2009	6,145	510	3,180	79,246	89,081
2010	3,420	184	3,310	79,115	86,029
2011			3,450	78,978	82,428
2012			3,590	78,835	82,425
2013				78,687	82,427
2014			3,895	78,533	82,428
2015			4,055	78,372	82,427
2016				78,289	78,289
2017			26,770	77,690	104,460
2018			29,745	76,135	105,880
2019			32,945	74,408	107,353
2020			36,480	72,499	108,979
2021			36,775	70,484	107,259
2022			44,555	68,242	112,797
2023			46,755	65,729	112,484
2024			51,840	63,068	114,908
2025			57,565	60,123	117,688
2026			63,765	56,863	120,628
2027			70,695	53,257	123,952
2028			58,820	48,806	107,626
2029			61,915	45,712	107,627
2030			65,125	42,497	107,622
2031			68,465	39,158	107,623
2032			71,980	35,646	107,626
2033			75,670	31,955	107,625
2034			79,705	27,921	107,626
2035			84,105	23,519	107,624
2036			88,750	18,874	107,624
2037			93,835	13,791	107,626
2038			99,390	8,235	107,625
2039			104,935	2,689	107,624
Totals	\$228,210	\$44,691	\$1,536,885	\$2,350,949	\$4,160,735

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

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**Note 12 – Warrants Payable-Enterprise Funds**

The Landfill Operations Fund has bonds and warrants payable of \$22,000,000 at September 30, 2000, which represents the General Obligation Warrants, Series 1996. In accordance with the bond indenture, the County uses a debt service fund to which it deposits principal and interest amounts due.

The Sanitary Operations Fund has bonds and warrants payable of \$1,536,885,000 at September 30, 2000. This long-term liability represents 1) the 1997-A Sewer Revenue Refunding Warrants, 2) the 1997-B Taxable Sewer Revenue Refunding Warrants, 3) the 1997-C AWPCA Refunding Warrant, 4) the 1997-D Sewer Revenue Warrants, and 5) the 1999-A Sewer Revenue Capital Improvement Warrants.

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

The balances as of September 30, 2000, exceeded the bond indenture requirements and were as follows:

(In Thousands)	
Sewer Reserve Fund	\$54,097
1999 Sewer Reserve Fund	70,340
Sewer Rate Stabilization Fund	54,852
Sewer Depreciation Fund	\$33,172



***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

**Note 13 – Continuing Disclosure**

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

Fiscal Year Ending September 30,	2000	1999	1998	1997	1996	1995
Active Accounts	142,277	142,042	141,606	140,324	140,146	140,361
Average Daily Treatment Volume (millions of gallons treated)	112	119	132	127	130	123
Sewer Charges	\$66,834,206	\$57,020,426	\$49,531,824	\$46,950,835	\$44,387,013	\$39,587,914
% Revenues - Largest Customer	2.57%	2.93%	2.91%	2.92%	3.08%	2.87%
% Revenues - Top 10 Customers	11.99%	11.62%	12.35%	10.37%	13.10%	10.37%

2000 Top Ten Customers	Consumption	Amount
University of Alabama - Birmingham	882,586	\$1,768,999
Birmingham Housing Authority	692,196	1,749,754
US Steel	563,439	1,266,550
Barber Dairies	164,914	828,239
Golden Flake	154,562	492,675
Baptist Medical Centers	211,688	431,577
Buffalo Rock	220,411	424,205
Birmingham Board of Education	155,059	370,192
Brookwood Medical Center	145,944	349,326
PEMCO	139,457	\$ 332,648

Effective March 1, 1999 and January 1, 2000, 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 14 – Defeased Debt**

On October 1, 1999, the Jefferson County Commission issued \$100,000,000 in General Obligation Warrants, Series 1999, with a variable interest rate for the purposes of 1) refunding \$50,000,000 of outstanding Series 1998-A General Obligation Warrants with an interest rate of 3.45% and 2) to pay the costs of various capital improvements to County buildings and facilities. Of the net proceeds (\$99,675,000 after payment of \$325,000 in bond discount and issuance costs), \$50,862,500 was used to retire the Series 1998-A Warrants and pay interest due. As a result, the 1998-A Warrants are considered to be legally defeased and the liability for those warrants has been removed from the general long-term debt account group.

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

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On September 27, 2000, the Commission issued \$7,125,000 in General Obligation Warrants, Series 2000, with a variable interest rate for the purpose of refunding \$6,895,000 of outstanding Series 1990 General Obligation Warrants with an interest rate of 6.75%. The net proceeds (\$7,032,900 after payment of \$92,100 in bond discount and issuance costs) were used to call for redemption those Series 1990 G.O. Warrants on October 1, 2000. As a result, the 1990 Warrants are considered to be defeased and the liability for those warrants has been removed from the general long-term debt account group.

**Note 15 – Prior Year Defeasance of Debt**

As of September 30, 2000, the following warrants outstanding are considered defeased:

(In Thousands)	
Sewer Revenue Warrants, Series 1988	\$ 27,990
Sewer Revenue Warrants, Series 1992	47,095
Sewer Revenue Warrants, Series 1993	30,525
Sewer Construction Warrants, Series 1977	1,795
Sanitary Sewer Refunding Warrants, Series 1978	10,925
General Obligation Warrants, Series 1990	27,660
Total Warrants Defeased	\$145,990

**Note 16 – Conduit Debt**

The Commission issued Limited Obligation School Warrants, Series 2000 in order to finance the costs of acquiring certain public school facilities (the “Leased Property”) of the Jefferson County Board of Education (the “Board”), for lease back to the Board. The funds were used to retire the Board’s current revenue anticipation warrant dated May 3, 2000. The Board simultaneously executed a capital lease agreement for the aforementioned property and pledged tax proceeds for the lease payments which will approximate debt service requirements under the Jefferson County Commission’s Limited Obligation School Warrants, Series 2000. The warrants do not constitute a debt or pledge of the faith and credit of the Jefferson County Commission, and accordingly have not been reported in the accompanying financial statements. Upon repayment of the warrants ownership of the leased property will return to the Board.

As of September 30, 2000, the principal amount outstanding was \$45,210,000.00, the original amount of the issue.

***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

**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, 2000, 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	\$30,520	\$7,889	\$ 4,755	\$ 79,531	\$221	\$ 122,916
Depreciation, Depletion and Amortization Expense	2,298	326	2,248	31,503	13	36,388
Operating Income or (Loss)	(37,367)	(6,088)	(1,529)	11,984	53	(32,947)
Operating Grants, Entitlements and Shared Revenues	7,687	87				7,774
<b>Operating Transfers:</b>						
In	39,662	6,388	22,617			68,667
(Out)		(2)	(5,450)	(58)		(5,510)
Tax Revenues				4,487		4,487
Net Income or (Loss)	2,032	(130)	14,325	(29,389)	24	(13,138)
<b>Property, Plant &amp; Equipment:</b>						
Additions	1,198	392	2,375	275,004		278,969
Deletions	990			1,556		2,546
Net Working Capital	8,008	1,016	632,335	650,826	77	1,292,262
<b>Bonds and Other Long-Term Liabilities:</b>						
Payable from Operating Revenue	2,273	473	25,684	1,539,772	4	1,568,206
Total Equity	<u>\$19,475</u>	<u>\$9,652</u>	<u>\$ 28,875</u>	<u>\$ 143,063</u>	<u>\$105</u>	<u>\$ 201,170</u>

**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, 2000:

Nature of Commitment	(In Thousands)
	Amount
Cahaba Sewer Improvement Project	\$ 33,298
Correctional Facilities Project	1,521
Courthouse Building Renovation Project	18,998
Five Mile Creek Sewer Improvement Project	9,382
Miscellaneous Sewer Improvements—System-Wide	8,717
Highway Improvements	3,471
Home Buyer Assistance Program	3,312
Valley Creek Sewer Improvement Project	131,624
Village Creek Sewer Improvement Project	149,418
Voting Machine Purchase	831
Totals	<u>\$360,572</u>

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2000*

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#### **Note 19 – Defined Benefit Pension Plan**

##### **A. Plan Description**

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

The Plan's financial statements are publicly available in the annual report of the General Retirement System for Employees of Jefferson County for the year ended September 30, 2000. The report may be obtained by writing: The General Retirement System for Employees of Jefferson County, Room 303-B Courthouse, Birmingham, Alabama 35263-0003.

##### **B. Summary of Significant Accounting Policies**

###### **Basis of Financial Statement Presentation**

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

###### **Estimates**

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

###### **Investment Valuation and Income Recognition**

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

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

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

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**Reserves for Contingent Refunds and Retirement and Disability Benefits**

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

**C. Actuarial Information**

For the year ended September 30, 2000, the Commission's annual pension contribution of \$7,752,354 was equal to the Commission's required and actual contribution. The required contribution was determined using the "entry age normal" method. The actuarial assumptions as of October 1, 2000, the latest actuarial valuation date, were: (a) 7.0 percent investment rate of return on present and future assets, and (b) projected salary increases of 5.5 percent. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of October 1, 2000 was 19 years.

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

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/2000	\$7,752,354	100%	\$0
9/30/1999	\$7,055,584	100%	\$0
9/30/1998	\$6,615,917	100%	\$0

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

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***Notes to the Financial Statements***  
***For the Year Ended September 30, 2000***

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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 262 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 \$32 to \$397 per month and total insurance premiums range from \$143 to \$480. Expenditures for post-retirement health care benefits are made and recognized as premiums are paid. During the year, expenditures of \$393,432 were recognized for post-retirement health benefits.

**Note 21 – Deficit Fund Balances**

At September 30, 2000, the following special revenue fund had a deficit fund balance:

(In Thousands)	
Road Fund	\$2,890

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## *Notes to the Financial Statements*

### *For the Year Ended September 30, 2000*

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#### *Note 22 – Landfill Closure and Postclosure Care Costs*

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

The estimated liability for landfill closure and postclosure care costs had a balance of \$3,262,000, as of September 30, 2000. This estimate was based on 86% usage (filled) of the Jefferson County Landfill Number 1, and 47% 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, 2000. 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 23 – Franchise Taxes*

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

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*Required Supplementary Information*



***Schedule of Funding Progress***  
***For the Year Ended September 30, 2000***

(In Thousands)

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
10-01-1998	\$484,496	\$413,789	\$(70,707)	117.1%	\$115,959	(61.0%)
10-01-1999	\$534,063	\$445,237	\$(88,826)	120.0%	\$120,691	(73.6%)
10-01-2000	\$595,364	\$517,622	\$(77,742)	115.0%	\$126,520	(61.4%)

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# *Combining Financial Statements*

***Combining Balance Sheet  
All Special Revenue Funds  
September 30, 2000  
(In Thousands)***

	Indigent Care Fund	Road Fund	Senior Citizens' Activities Fund
<b><u>ASSETS</u></b>			
Cash and Investments	\$	\$	5 \$
Accounts Receivable, Net			
Loans Receivable, Net			
Interest Receivable			
Due from Other Funds			
Due from Other Governments	2,955	849	450
Inventories		1,814	
Prepaid Expenses		9	
<b>TOTAL ASSETS</b>	<b>2,955</b>	<b>2,677</b>	<b>450</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Cash Deficit	56		264
Accounts Payable		448	113
Due to Other Governments		4,370	
Deferred Revenues			20
Other Payables		1	
Accrued Payroll and Taxes		319	9
Estimated Liability for Compensated Absences		429	10
<b>TOTAL LIABILITIES</b>	<b>56</b>	<b>5,567</b>	<b>416</b>
<b><u>FUND EQUITY</u></b>			
Fund Balances:			
Reserved for Inventory		1,814	
Reserved for Petty Cash		1	
Reserved for CGH Foundation	668		
Reserved for Loan Receivable			
Reserved for Encumbrances	141	2,877	404
Unreserved	2,090	(7,582)	(370)
<b>TOTAL FUND EQUITY</b>	<b>2,899</b>	<b>(2,890)</b>	<b>34</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 2,955</b>	<b>\$ 2,677</b>	<b>\$ 450</b>

Bridge and Public Building Fund	Community Development Fund	CDBG-EDA Revolving Loan Fund	Home Grant Fund	Emergency Management Fund	Totals Current Year
\$ 1,137	\$	\$ 1,553	\$	\$ 94	\$ 2,789
	166	2,491	816		3,473
	11				11
406	603		429	42	5,734
					1,814
				7	16
1,543	780	4,044	1,245	143	13,837
	342		40		702
	176		9	10	756
					4,370
			72		92
					1
	17		1	5	351
	5			(1)	443
	540		122	14	6,715
					1,814
				1	2
					668
	166	2,491	816		3,473
	7,887		3,449	546	15,304
1,543	(7,813)	1,553	(3,142)	(418)	(14,139)
1,543	240	4,044	1,123	129	7,122
\$ 1,543	\$ 780	\$ 4,044	\$ 1,245	\$ 143	\$ 13,837

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Special Revenue Funds  
For the Year Ended September 30, 2000  
(In Thousands)***

	Indigent Care Fund	Road Fund	Senior Citizens' Activities Fund
<b><u>REVENUES</u></b>			
Taxes	\$ 37,228	\$ 11,397	\$
Intergovernmental		8,043	4,333
Charges for Services		171	
Investment Income	86		11
Miscellaneous	2,384	21	136
<b>TOTAL REVENUES</b>	<b>39,698</b>	<b>19,632</b>	<b>4,480</b>
<b><u>EXPENDITURES</u></b>			
Current:			
General Government	4,338		5,764
Public Safety			
Highways and Roads		29,779	
Health and Welfare			
Capital Outlay		2,127	7
Indirect Cost	8	3,977	162
<b>TOTAL EXPENDITURES</b>	<b>4,346</b>	<b>35,883</b>	<b>5,933</b>
Excess of revenues over (under) expenditures	35,352	(16,251)	(1,453)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating Transfers In	2,352	16,241	928
Proceeds from Sale of Fixed Assets		166	
Operating Transfers Out	(38,906)	(44)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(36,554)</b>	<b>16,363</b>	<b>928</b>
Excess of revenues and other sources over (under) expenditures and other uses	(1,202)	112	(525)
Fund Balances at beginning of year	4,101	(3,002)	559
Fund Balances at end of year	\$ 2,899	\$ (2,890)	\$ 34

Bridge and Public Building Fund	Community Development Fund	CDBG-EDA Revolving Loan Fund	Home Grant Fund	Emergency Management Fund	Totals Current Year
\$ 26,513	\$ 2,986	\$ 137	\$ 1,671	\$ 296	\$ 75,138
				311	17,466
220		159	99	1	482
		(50)	148	24	576
26,733	2,986	246	1,918	632	2,663
					96,325
	1,041		609		11,752
				678	678
					29,779
	2,137	227	268		2,632
	2			117	2,253
8	233	14	15	57	4,474
8	3,413	241	892	852	51,568
26,725	(427)	5	1,026	(220)	44,757
	459	14	97	109	20,200
	1			13	180
(25,845)				(1)	(64,796)
(25,845)	460	14	97	121	(44,416)
880	33	19	1,123	(99)	341
663	207	4,025		228	6,781
\$ 1,543	\$ 240	\$ 4,044	\$ 1,123	\$ 129	\$ 7,122

***Combining Balance Sheet  
All Capital Projects Funds  
September 30, 2000  
(In Thousands)***

	Capital Improvements Fund	Road Construction Fund	Totals Current Year
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 10,821	\$ 3,861	\$ 14,682
Accounts Receivable			
Due from Other Governments		295	295
<b>TOTAL ASSETS</b>	<b>10,821</b>	<b>4,156</b>	<b>14,977</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Cash Deficit			
Accounts Payable	2,952	658	3,610
Retainage Payable			
<b>TOTAL LIABILITIES</b>	<b>2,952</b>	<b>658</b>	<b>3,610</b>
<b><u>FUND EQUITY</u></b>			
Fund Balances:			
Reserved for Encumbrances	23,203	4,392	27,595
Unreserved	(15,334)	(894)	(16,228)
<b>TOTAL FUND EQUITY</b>	<b>7,869</b>	<b>3,498</b>	<b>11,367</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 10,821</b>	<b>\$ 4,156</b>	<b>\$ 14,977</b>

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Capital Projects Funds  
For the Year Ended September 30, 2000  
(In Thousands)***

	Capital Improvements Fund	Road Construction Fund	Totals Current Year
<b><u>REVENUES</u></b>			
Intergovernmental	\$	\$ 4,733	\$ 4,733
Charges for Services		873	873
Investment Income	268	64	332
Miscellaneous		220	220
<b>TOTAL REVENUES</b>	<b>268</b>	<b>5,890</b>	<b>6,158</b>
<b><u>EXPENDITURES</u></b>			
Current:			
Highways and Roads		6,952	6,952
Capital Outlay	31,993		31,993
<b>TOTAL EXPENDITURES</b>	<b>31,993</b>	<b>6,952</b>	<b>38,945</b>
Excess of revenues over (under) expenditures	(31,725)	(1,062)	(32,787)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating Transfers In	27,769	5,043	32,812
Proceeds form Sale of Fixed Assets	95		95
Operating Transfers Out	(4,487)		(4,487)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>23,377</b>	<b>5,043</b>	<b>28,420</b>
Excess of revenues and other sources over (under) expenditures and other uses	(8,348)	3,981	(4,367)
Fund Balances at beginning of year	16,217	(483)	15,734
Fund Balances at end of year	\$ 7,869	\$ 3,498	\$ 11,367



***Combining Balance Sheet***  
***All Enterprise Funds***  
***September 30, 2000***  
***(In Thousands)***

	Cooper Green Hospital Fund	County Home Fund	Landfill Operations Fund
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 1,036	\$ 94	\$
Accounts Receivable, Net	40		747
Patient Accounts Receivable, Net	6,330	1,411	
Due from Other Funds			
Due from Other Governments	1,024		
Inventories	987	56	
Prepaid Expenses	607		
Fixed Assets, Net Where Applicable	13,740	9,110	53,811
Warrant Issuance Cost			116
Deferred Loss on Early Debt Retirement			
<b>TOTAL ASSETS</b>	<b>23,764</b>	<b>10,671</b>	<b>54,674</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Cash Deficit			
Accounts Payable	1,225	373	2
Deposits Payable		36	
Other Payables	245	1	
Accrued Payroll and Taxes	546	136	46
Accrued Interest Payable			67
Retainage Payable			
Arbitrage Rebate Payable			
Estimated Liability for Compensated Absences	2,273	473	422
Warrants Payable			22,000
Estimated Liability for Closure/Postclosure Care Costs			3,262
<b>TOTAL LIABILITIES</b>	<b>4,289</b>	<b>1,019</b>	<b>25,799</b>
<b><u>FUND EQUITY</u></b>			
Unreserved Retained Earnings	19,475	9,652	28,875
<b>TOTAL FUND EQUITY</b>	<b>19,475</b>	<b>9,652</b>	<b>28,875</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 23,764</b>	<b>\$ 10,671</b>	<b>\$ 54,674</b>

Sanitary Operations Fund	Parking Deck Fund	Totals Current Year
\$ 688,401	\$ 77	\$ 689,608
12,008		12,795
		7,741
490		1,514
547		1,590
		607
1,005,838	33	1,082,532
22,942		23,058
3,230		3,230
<u>1,733,456</u>	<u>110</u>	<u>1,822,675</u>
26,953		28,553
		36
3		249
394	1	1,123
13,695		13,762
6,115		6,115
3,461		3,461
2,887	4	6,059
1,536,885		1,558,885
		3,262
<u>1,590,393</u>	<u>5</u>	<u>1,621,505</u>
143,063	105	201,170
143,063	105	201,170
<u>\$ 1,733,456</u>	<u>\$ 110</u>	<u>\$ 1,822,675</u>

***Combining Statement of Revenues, Expenses and Changes in Fund  
Equity - All Enterprise Funds  
For the Year Ended September 30, 2000  
(In Thousands)***

	<b>Cooper Green Hospital Fund</b>	<b>County Home Fund</b>	<b>Landfill Operations Fund</b>
<b><u>Operating Revenues</u></b>			
Taxes	\$	\$	\$
Licenses and Permits			
Charges for Services			4,755
Patient Revenue	22,834	7,802	
Medicaid Disproportionate Share	3,294		
Other Operating Revenue	4,393	87	
Total Operating Revenues	<u>30,521</u>	<u>7,889</u>	<u>4,755</u>
<b><u>Operating Expenses</u></b>			
Provisions for Bad Debt	795		
Salaries	27,158	6,728	2,123
Employee Benefits and Payroll Taxes	5,368	1,588	490
Utilities	1,239	617	233
Supplies	8,585	734	392
Depreciation and Amortization	2,298	326	2,248
Outside Services	3,946	3,137	491
Services from other Hospitals	4,262		
Jefferson Clinic	12,538		
Office Expense	594	847	45
Closure and Postclosure Care Cost			220
Miscellaneous	1,105		42
Total Operating Expenses	<u>67,888</u>	<u>13,977</u>	<u>6,284</u>
Operating Income (Loss)	<u>(37,367)</u>	<u>(6,088)</u>	<u>(1,529)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Arbitrage Rebates			
Interest Revenue	116		
Miscellaneous Revenue	876	58	81
Interest Expense	(7)		(1,038)
Indirect Cost	(1,225)	(487)	(353)
Gain/(Loss) On Sale of Fixed Assets	(23)		(3)
Total Nonoperating Revenues (Expenses)	<u>(263)</u>	<u>(429)</u>	<u>(1,313)</u>
Income (Loss) Before Operating Transfers	<u>(37,630)</u>	<u>(6,517)</u>	<u>(2,842)</u>
<b><u>Operating Transfers</u></b>			
Operating Transfers In	39,662	6,388	22,617
Operating Transfers Out		(1)	(5,450)
Total Operating Transfers	<u>39,662</u>	<u>6,387</u>	<u>17,167</u>
Net Income (Loss)	2,032	(130)	14,325
Fund Equity at beginning of year	17,443	9,782	14,550
Fund Equity at end of year	<u>\$ 19,475</u>	<u>\$ 9,652</u>	<u>\$ 28,875</u>

Sanitary Operations Fund	Parking Deck Fund	Totals Current Year
\$ 4,487	\$	\$ 4,487
75,045	221	80,021
		30,636
		3,294
		4,480
<u>79,532</u>	<u>221</u>	<u>122,918</u>
1,871		2,666
18,105	27	54,141
4,265	5	11,716
4,347	5	6,441
1,646	2	11,359
31,503	13	36,388
3,783	6	11,363
		4,262
		12,538
603	(1)	2,088
		220
1,424	111	2,682
<u>67,547</u>	<u>168</u>	<u>155,864</u>
11,985	53	(32,946)
(2,858)		(2,858)
46,564	1	46,681
156		1,171
(82,904)		(83,949)
(1,972)	(30)	(4,067)
(302)		(328)
<u>(41,316)</u>	<u>(29)</u>	<u>(43,350)</u>
(29,331)	24	(76,296)
		68,667
(58)		(5,509)
<u>(58)</u>		<u>63,158</u>
(29,389)	24	(13,138)
172,452	81	214,308
<u>\$ 143,063</u>	<u>\$ 105</u>	<u>\$ 201,170</u>

***Combining Statement of Cash Flows***  
***All Enterprise Funds***  
***For the Year Ended September 30, 2000***  
***(In Thousands)***

	Cooper Green Hospital Fund	County Nursing Home Fund	Landfill Operations Fund
<b><u>Cash Flows from Operating Activities</u></b>			
Operating Income (Loss)	\$ (37,367)	\$ (6,088)	\$ (1,529)
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u></b>			
Depreciation and Amortization	2,298	326	2,248
Provision for Doubtful Accounts			
(Increase)/Decrease in Accounts Receivable	(34)		299
(Increase)/Decrease in Patients Receivable	(76)	276	
(Increase)/Decrease in Prepaid Items	(384)		
(Increase)/Decrease in Due From Governmental Units	77		
(Increase)/Decrease in Due From Other Funds			
(Increase)/Decrease in Inventory	(213)	20	
Increase/(Decrease) in Accounts Payable	(73)	142	(7)
Increase/(Decrease) in Other Accounts Payable	(554)	(13)	
Increase/(Decrease) in Accrued Payroll and Taxes	(966)	(248)	(91)
Increase/(Decrease) in Deposits Payable		(4)	
Increase/(Decrease) in Retainage Payable			
Increase/(Decrease) in Interest Payable			3
Increase/(Decrease) in Arbitrage Rebate Payable			
Increase/(Decrease) in Compensated Absences Payable	110	30	38
Increase/(Decrease) in Estimated Liability for Landfill Postclosure Costs			168
Total Adjustments	<u>185</u>	<u>529</u>	<u>2,658</u>
Net Cash Provided/(Used) by Operating Activities			
Carried Forward	<u>\$ (37,182)</u>	<u>\$ (5,559)</u>	<u>\$ 1,129</u>

Sanitary Operations Fund	Parking Deck Fund	<u>Totals</u> <u>Current Year</u>
\$ 11,985	\$ 53	\$ (32,946)
31,503	13	36,388
1,871		1,871
(944)		(679)
		200
		(384)
(25)		52
(12)		(205)
1,475		1,537
1		(566)
(584)		(1,889)
		(4)
2,430		2,430
(105)		(102)
2,858		2,858
283	1	462
		168
<u>38,751</u>	<u>14</u>	<u>42,137</u>
\$ 50,736	\$ 67	\$ 9,191

***Combining Statement of Cash Flows***  
***All Enterprise Funds***  
***For the Year Ended September 30, 2000***  
***(In Thousands)***

	<b>Cooper Green Hospital Fund</b>	<b>County Nursing Home Fund</b>	<b>Landfill Operations Fund</b>
Net Cash Provided/(Used) by Operating Activities Brought Forward	\$ (37,182)	\$ (5,559)	\$ 1,129
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>			
Operating Transfers In	39,662	6,388	22,617
Operating Transfers Out		(1)	(5,450)
Increase/(Decrease) in Cash Deficit Received From Auxiliary Services	876	58	81
Indirect Cost	(1,225)	(487)	(353)
Net Cash Provided/(Used) by Non-Capital Financing Activities	39,313	5,958	4,287
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Interest Paid	(7)		(1,038)
Acquisition of Fixed Assets	(1,223)	(392)	(2,378)
Principal Payments			(2,000)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(1,230)	(392)	(5,416)
<b><u>Cash Flows from Investing Activities</u></b>			
Interest and Dividend Income	116		
Net Cash Provided/(Used) by Investing Activities	116		
Net Increase/(Decrease) in Cash and Cash Equivalents	1,017	7	
Cash and Investments, Beginning of Year	19	87	
Cash and Investments, End of Year	\$ 1,036	\$ 94	\$

Sanitary Operations Fund	Parking Deck Fund	<u>Totals</u> Current Year
\$ 50,736	\$ 52,847	\$ 9,191
		68,667
(58)		(5,509)
		(12,608)
156		1,171
(1,972)	(30)	(4,067)
(1,874)	(30)	47,654
		(82,904)
(82,904)		(83,949)
(285,442)		(289,435)
(11,090)		(13,090)
(379,436)		(386,474)
46,564	1	46,681
46,564	1	46,681
(284,010)	38	(282,948)
972,411	39	972,556
\$ 688,401	\$ 77	\$ 689,608



***Combining Balance Sheet  
All Internal Service Funds  
September 30, 2000  
(In Thousands)***

	<b>Risk Management Fund</b>	<b>Personnel Board Fund</b>	<b>Elections Fund</b>
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 8,616	\$	\$
Accounts Receivable, Net			
Due From Other Governments		2,417	68
Inventories			
Prepaid Expenses	56		
Fixed Assets, Net Where Applicable	208	140	101
<b>TOTAL ASSETS</b>	<b>8,880</b>	<b>2,557</b>	<b>169</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Cash Deficit		2,145	
Accounts Payable	108	70	2
Other Payables			
Accrued Payroll and Taxes	10	45	5
Estimated Liability for Compensated Absences	41	297	44
Estimated Claims Liability	2,659		
<b>TOTAL LIABILITIES</b>	<b>2,818</b>	<b>2,557</b>	<b>51</b>
<b><u>FUND EQUITY</u></b>			
Unreserved Retained Earnings	6,062		118
<b>TOTAL FUND EQUITY</b>	<b>6,062</b>		<b>118</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 8,880</b>	<b>\$ 2,557</b>	<b>\$ 169</b>

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$ 1	\$ 116	\$ 141	\$ 19	\$ 3,806	\$ 12,699
6				20	26
(1)	9			27	2,520
	281	15	127	598	1,021
15				70	141
4,986	2,204	207	106	6,170	14,122
5,007	2,610	363	252	10,691	30,529
					2,145
113	58	2	63	380	796
			9	7	16
51	53	9	5	161	339
384	382	66	22	1,220	2,456
					2,659
548	493	77	99	1,768	8,411
4,459	2,117	286	153	8,923	22,118
4,459	2,117	286	153	8,923	22,118
\$ 5,007	\$ 2,610	\$ 363	\$ 252	\$ 10,691	\$ 30,529

***Combining Statement of Revenues, Expenses and Changes in Fund  
Equity - All Internal Service Funds  
For the Year Ended September 30, 2000  
(In Thousands)***

	Risk Management Fund	Personnel Board Fund	Elections Fund
<b><u>Operating Revenues</u></b>			
Intergovernmental	\$	\$ 2,708	\$ (142)
Charges for Services	1,940		
Total Operating Revenues	<u>1,940</u>	<u>2,708</u>	<u>(142)</u>
<b><u>Operating Expenses</u></b>			
Salaries	459	2,101	720
Employee Benefits and Payroll Taxes	499	457	50
Utilities	8	15	13
Supplies	12	73	33
Depreciation and Amortization	60	68	38
Outside Services	717	736	6
Office Expense	17	148	10
Miscellaneous		228	25
Total Operating Expenses	<u>1,772</u>	<u>3,826</u>	<u>895</u>
Operating Income	<u>168</u>	<u>(1,118)</u>	<u>(1,037)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Interest Revenue	106		
Miscellaneous Revenue	303		
Indirect Cost		(87)	(124)
Gain (Loss) on Sale of Fixed Assets		(1)	
Indirect Cost Recovery		936	
Total Nonoperating Revenues (Expenses)	<u>409</u>	<u>848</u>	<u>(124)</u>
Income (Loss) Before Operating Transfers	<u>577</u>	<u>(270)</u>	<u>(1,161)</u>
<b><u>Operating Transfers</u></b>			
Operating Transfers In		270	809
Operating Transfers Out			
Total Operating Transfers		<u>270</u>	<u>809</u>
Net Income	577		(352)
Fund Equity at beginning of year	<u>5,485</u>		<u>470</u>
Fund Equity at end of year	<u>\$ 6,062</u>	<u>\$</u>	<u>\$ 118</u>

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$	\$	\$	\$	\$	\$
485	1,494	1,030	534	2	2,568
485	1,494	1,030	534	12,513	17,996
				12,515	20,564
2,292	2,457	461	239	7,240	15,969
470	622	127	59	1,725	4,009
47	134	194	1	2,972	3,384
160	1,778	20	225	1,256	3,557
1,180	252	44	55	373	2,070
739	37	146	36	363	2,780
194	13	1	5	44	432
1,064	28	36	69	2,177	3,627
6,146	5,321	1,029	689	16,150	35,828
(5,661)	(3,827)	1	(155)	(3,635)	(15,264)
		1		12	119
	3	1	80	7	394
(112)					(323)
(49)	5			2	(43)
3,505	3,982	13	120	7,423	15,979
3,344	3,990	15	200	7,444	16,126
(2,317)	163	16	45	3,809	862
4,843				60	5,982
	(2)			(4)	(6)
4,843	(2)			56	5,976
2,526	161	16	45	3,865	6,838
1,933	1,956	270	108	5,058	15,280
\$ 4,459	\$ 2,117	\$ 286	\$ 153	\$ 8,923	\$ 22,118

***Combining Statement of Cash Flows***  
***All Internal Service Funds***  
***For the Year Ended September 30, 2000***  
***(In Thousands)***

	Risk Management Fund	Personnel Board Fund	Elections Fund
<b><u>Cash Flows from Operating Activities</u></b>			
Operating Income (Loss)	\$ 168	\$ (1,118)	\$ (1,037)
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u></b>			
Depreciation	60	68	38
(Increase)/Decrease in Accounts Receivable			
(Increase)/Decrease in Prepaid Items			
(Increase)/Decrease in Due From Governmental Units		(222)	250
(Increase)/Decrease in Due From Other Funds		4	
(Increase)/Decrease in Inventory			
Increase/(Decrease) in Accounts Payable	40	69	2
Increase/(Decrease) in Other Accounts Payable		(1)	
Payroll and Taxes	(16)	(81)	(11)
Increase/(Decrease) in Compensated Absences Payable	(4)	19	(3)
Increase/(Decrease) in Estimated Claims Liability	(378)		
Total Adjustments	(298)	(144)	276
Net Cash Provided/(Used) by Operating Activities			
Carried Forward	\$ (130)	\$ (1,262)	\$ (761)

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$ (5,661)	\$ (3,827)	\$ 1	\$ (155)	\$ (3,635)	\$ (15,264)
1,180	252	44	55	373	2,070
(6)				(4)	(10)
(15)				(69)	(84)
1	(2)		11	110	148
	19	(11)	10	1	5
43	(152)	1	47	25	43
(1)			(11)	284	334
(53)	(86)	(18)	(9)	(81)	(94)
72	37	(2)	(3)	(278)	(552)
				101	217
					(378)
1,221	68	14	100	462	1,699
\$ (4,440)	\$ (3,759)	\$ 15	\$ (55)	\$ (3,173)	\$ (13,565)

***Combining Statement of Cash Flows***  
***All Internal Service Funds***  
***For the Year Ended September 30, 2000***  
***(In Thousands)***

	Risk Management Fund	Personnel Board Fund	Elections Fund
Net Cash Provided/(Used) by Operating Activities			
Brought Forward	\$ (130)	\$ (1,262)	\$ (761)
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>			
Operating Transfers In		270	809
Operating Transfers Out			
Increase/(Decrease) in Cash Deficit		142	
Received from Auxiliary Services	303		
Indirect Cost Recovery		936	
Indirect Cost		(86)	(124)
Net Cash Provided/(Used) by Non-Capital Financing Activities	303	1,262	685
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Acquisition of Fixed Assets	(11)		
Net Cash Provided/(Used) by Capital and Related Financing Activities	(11)		
<b><u>Cash Flows from Investing Activities</u></b>			
Interest and Dividend Income	106		
Net Cash Provided/(Used) by Investing Activities	106		
Net Increase/(Decrease) in Cash and Cash Equivalents	268		(76)
Cash and Investments, Beginning of Year	8,348		76
Cash and Investments, End of Year	\$ 8,616	\$	\$

Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year
\$ (4,440)	\$ (3,759)	\$ 15	\$ (55)	\$ (3,173)	\$ (13,565)
4,843	(2)		(105)	60	5,982
	3	1	80	(4)	(6)
3,505	3,982	13	119	7	394
(112)				7,423	15,978
8,236	3,983	14	94		(322)
				7,486	22,063
(3,795)	(109)	(6)	(20)	(542)	(4,483)
(3,795)	(109)	(6)	(20)	(542)	(4,483)
		1		12	119
		1		12	119
1	115	24	19	3,783	4,134
	1	117		23	8,565
\$ 1	\$ 116	\$ 141	\$ 19	\$ 3,806	\$ 12,699



***Combining Balance Sheet***  
***All Fiduciary Fund Types***  
***September 30, 2000***  
***(In Thousands)***

	<u>Expendable Trust Funds</u>	
	<b>Stormwater Management Authority Fund</b>	<b>City of Birmingham Revolving Loan Fund</b>
<b><u>ASSETS</u></b>		
Cash and Investments	\$ 812	\$ 643
Loans Receivable, Net		610
Interest Receivable		
Contributions Receivable		
Fixed Assets, Net Where Applicable	199	
<b>TOTAL ASSETS</b>	<u>1,011</u>	<u>1,253</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b><u>LIABILITIES</u></b>		
Accounts Payable	3	
Other Payables	1	
Due to Other Funds		
Accrued Payroll and Taxes	14	
Estimated Liability for Compensated Absences	119	
<b>TOTAL LIABILITIES</b>	<u>137</u>	
<b><u>FUND EQUITY</u></b>		
Fund Balances:		
Reserved for:		
Loans Receivable		610
Trust Requirements	408	643
Reserved for Encumbrances	466	
Contingent Refunds		
Retirement/Disability Benefits		
<b>TOTAL FUND EQUITY</b>	<u>874</u>	<u>1,253</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 1,011</u>	<u>\$ 1,253</u>

<b>Pension Trust Fund</b>		<b>Totals</b>	
<b>General Retirement System</b>		<b>Current Year</b>	
\$	684,292	\$	685,747
			610
	5,670		5,670
	572		572
			199
	<u>690,534</u>		<u>692,798</u>

	510		513
			1
			14
			119
	<u>510</u>		<u>647</u>

			610
			1,051
			466
	61,773		61,773
	<u>628,251</u>		<u>628,251</u>
	690,024		692,151
\$	<u>690,534</u>	\$	<u>692,798</u>

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Expendable Trust Funds  
For the Year Ended September 30, 2000  
(In Thousands)***

	Stormwater Management Authority Fund	City of Birmingham Revolving Loan Fund	Totals Current Year
<b><u>REVENUES</u></b>			
Intergovernmental	\$ 2,220	\$	\$ 2,220
Investment Income	23		23
Miscellaneous	44	52	96
<b>TOTAL REVENUES</b>	<b>2,287</b>	<b>52</b>	<b>2,339</b>
<b><u>EXPENDITURES</u></b>			
General Government	1,312		1,312
Capital Outlay	108		108
Indirect Cost	19		19
<b>TOTAL EXPENDITURES</b>	<b>1,439</b>		<b>1,439</b>
Excess of Revenues over (under) expenditures	848	52	900
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Proceeds from Sale of Fixed Assets	(3)		(3)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3)</b>		<b>(3)</b>
Excess of revenues and other sources over (under) expenditures and other uses	845	52	897
Fund balances at beginning of year	29	1,201	1,230
Fund balances at end of year	<b>\$ 874</b>	<b>\$ 1,253</b>	<b>\$ 2,127</b>

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*Supplementary Information*

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2000***

<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 Programs</u></b>		
Community Development Block Grants/Entitlement Grants	14.218	B93-UC-01-0001
	14.218	B95-UC-01-0001
	14.218	B96-UC-01-0001
	14.218	B97-UC-01-0001
	14.218	B98-UC-01-0001
	14.218	B99-UC-01-0001
Revolving Loan Funds	14.218	
Sub-Total Community Development Block Grants/Entitlement Grants		
HOME Investment Partnerships Program	14.239	M94-UC-01-0202
	14.239	M96-UC-01-0202
	14.239	M97-UC-01-0202
	14.239	M98-UC-01-0202
	14.239	M99-UC-01-0202
Sub-Total Home Program		
Lead-Based Paint Hazard Control In Privately-Owned Housing	14.900	ALLAGOO65-97
Emergency Shelter Grants Program	14.231	S-98-UC-01-0001
	14.231	S-99-UC-01-0006
Sub-Total Emergency Shelter Grants Program (Direct Programs)		
<b><u>U.S. Department of Housing and Urban Development</u></b>		
<b><u>Passed Through Alabama Department</u></b>		
<b><u>of Economic and Community Affairs</u></b>		
Emergency Shelter Grants Program	14.231	ESG-98-036
	14.231	ESG-99-036
	14.231	ESG-PREV-99-036
Sub-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 9-30-00	\$ 3,272,000	\$ 3,272,000	\$	\$ 30,955
10-1-95 To 9-30-00	3,219,000	3,219,000		15,523
10-1-96 To 9-30-00	3,118,000	3,118,000		103,465
10-1-97 To 9-30-00	2,838,000	2,838,000	342,816	29,445
10-1-98 To 9-30-00	2,729,000	2,729,000	1,924,692	682,079
10-1-99 To 9-30-00	2,745,000	2,745,000		1,406,041
10-1-99 To 9-30-00				2,717,397
	17,921,000	17,921,000	2,267,508	4,984,905
10-1-94 To 9-30-00	1,156,250	925,000	19,578	19,578
10-1-96 To 9-30-00	1,145,000	916,000	123,950	123,950
10-1-97 To 9-30-00	1,118,750	895,000	286,572	286,572
10-1-98 To 9-30-00	1,176,250	941,000	316,077	316,077
10-1-99 To 9-30-00	1,272,500	1,018,000	49,853	49,853
	5,868,750	4,695,000	796,030	796,030
6-18-97 To 9-30-00	1,116,255	1,014,778	252,059	252,059
10-1-98 To 9-30-00	216,000	108,000	261	261
10-1-99 To 9-30-00	97,000	97,000	81,705	81,705
	313,000	205,000	81,966	81,966
10-1-97 To 9-30-98	400,000	200,000	12,611	12,611
10-1-98 To 9-30-99	342,000	171,000	138,815	138,815
6-3-99 To 12-3-99	58,000	29,000	16,658	16,658
	800,000	400,000	168,084	168,084
	26,019,005	24,235,778	3,565,647	6,283,044
	\$ 26,019,005	\$ 24,235,778	\$ 3,565,647	\$ 6,283,044

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2000***

<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 Agriculture</u></b>		
<b><u>Passed Through State Department of Education</u></b>		
Nutrition Cluster:		
School Breakfast Program	10.553	
National School Lunch Program	10.555	
Sub-Total Child Nutrition Cluster		
Food Distribution (N)	10.550	
Sub-Total Passed Through Alabama Department of Education		
<b><u>Passed Through Alabama Commission on Aging</u></b>		
Nutrition Program for the Elderly (Commodities)	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 (M)	93.918	6H76HA00098-071
<b><u>Passed Through Alabama Commission on Aging</u></b>		
Aging Cluster:		
Title III, Part B - Grants for Supportive Services and Senior Centers- Administrative	93.044	03-01-00-03a
Title III, Part B - Grants for Supportive Services and Senior Centers- Administrative	93.044	03-01-09-03a
Title III, Part B - Grants for Supportive Services and Senior Centers- Social Services	93.044	03-01-00-03a
Title III, Part B - Grants for Supportive Services and Senior Centers- Social Services	93.044	03-01-09-03a
Sub-Total Title III, Part B		
Title III, Part C - Congregate Nutrition Services	93.045	03-01-00-03a
Title III, Part C - Congregate Nutrition Services	93.045	03-01-09-03a
Title III, Part C - In Home Nutrition Services	93.045	03-01-00-03a
Title III, Part C - In Home Nutrition Services	93.045	03-01-09-03a
Sub-Total Title III, Part C		
Total Aging Cluster (M)		
Sub-Total Forward		

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 26,019,005	\$ 24,235,778	\$ 3,565,647	\$ 6,283,044
10-1-99 To 9-30-00	36,652	36,652	36,652	36,652
10-1-99 To 9-30-00	65,160	65,160	65,160	65,160
	101,812	101,812	101,812	101,812
10-1-99 To 9-30-00	4,364	4,364	4,364	4,364
	106,176	106,176	106,176	106,176
10-1-99 To 9-30-00	311,169	311,169	311,169	311,169
	417,345	417,345	417,345	417,345
1-1-00 To 12-31-00	1,855,671	859,270	665,354	665,354
10-1-99 To 9-30-02	132,000	98,996	42,106	42,106
10-1-98 To 9-30-01	122,679	92,009	79,144	79,144
10-1-99 To 9-30-02	351,420	331,897	306,299	306,299
10-1-98 To 9-30-01	385,305	346,774	254,024	254,024
	991,404	869,676	681,573	681,573
10-1-99 To 9-30-02	739,380	665,442	283,372	283,372
10-1-98 To 9-30-01	725,784	616,953	461,748	461,748
10-1-99 To 9-30-02	500,225	450,203	362,724	362,724
10-1-98 To 9-30-01	219,559	186,636	57,478	57,478
	2,184,948	1,919,234	1,165,322	1,165,322
	3,176,352	2,788,910	1,846,895	1,846,895
	\$ 26,436,350	\$ 24,653,123	\$ 3,982,992	\$ 6,700,389



***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2000***

<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		
Title III, Part D - In Home Services for Frail Older Individuals	93.046	03-01-00-03a
Title III, Part F-Disease Prevention and Health Promotion Services	93.043	03-01-00-03a
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	03-01-00-03a
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	03-01-09-03a
Title VII, Chapter 2-Long-Term Care Ombudsman Services for Older Individuals	93.042	03-01-00-03a
Title VII, Chapter 2-Long-Term Care Ombudsman Services for Older Individuals	93.042	03-01-09-03a
Sub-Total Passed Through Alabama Commission on Aging		
<b><u>Passed Through Administrative Office of Courts</u></b>		
Grants to States for Access and Visitation	93.597	98-AV-01
Grants to States for Access and Visitation	93.597	00-AV-01
Sub-Total Passed Through Administrative Office of Courts		
Total U.S. Department of Health and Human Services		
<b><u>U.S. Department of Labor</u></b>		
<b><u>Direct Program</u></b>		
Youth Opportunity Grant	17.249	AZ-10126-00-60
Senior Community Service Employment Program	17.235	D-6135-7-01-81-55
	17.235	D-6135-7-00-81-55
	17.235	05-502-00-3A
	17.235	05-502-99-3A
Sub-Total Senior Community Service Employment Program		
Homeless Veterans	17.805	E-9-5-0-0039
<b><u>Passed Through Alabama Department of Economic and Community Affairs</u></b>		
Job Training Partnership Act	17.250	98308201
Workforce Investment	17.255	02
Total U.S. Department of Labor		
Sub-Total Forward		

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 26,436,350	\$ 24,653,123	\$ 3,982,992	\$ 6,700,389
10-1-99 To 9-30-02	40,316	40,316	35,986	35,986
10-1-99 To 9-30-02	34,665	31,198	28,787	28,787
10-1-99 To 9-30-02	10,818	9,736	8,967	8,967
10-1-98 To 9-30-01	9,731	8,272	4,439	4,439
10-1-99 To 9-30-02	19,072	17,164	16,066	16,066
10-1-98 To 9-30-01	15,315	13,019	4,256	4,256
	<u>3,306,269</u>	<u>2,908,615</u>	<u>1,945,396</u>	<u>1,945,396</u>
4-1-99 To 6-30-00	34,500	34,500	34,500	19,500
7-1-00 To 6-30-01	21,000	21,000	5,250	5,250
	<u>55,500</u>	<u>55,500</u>	<u>39,750</u>	<u>24,750</u>
	<u>5,217,440</u>	<u>3,823,385</u>	<u>2,650,500</u>	<u>2,635,500</u>
3-20-00 To 3-20-01	5,000,000	5,000,000	1,716	1,716
7-1-00 To 6-30-01	418,477	372,377	101,710	101,710
7-1-99 To 6-30-00	520,072	520,072	263,767	263,767
7-1-00 To 6-30-01	191,947	172,032	35,279	35,279
7-1-99 To 6-30-00	171,907	171,907	136,418	136,418
	<u>1,302,403</u>	<u>1,236,388</u>	<u>537,174</u>	<u>537,174</u>
4-1-00 To 9-30-01	250,000	250,000	118,401	118,401
2-9-00 To 6-30-00	13,091	13,091	8,976	8,976
7-1-00 To 6-30-01	1,958,093	1,958,093	70,131	70,131
	<u>8,523,587</u>	<u>8,457,572</u>	<u>736,398</u>	<u>736,398</u>
	\$ 40,177,377	\$ 36,934,080	\$ 7,369,890	\$ 10,072,288

***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2000***

<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>Federal Emergency Management Agency</u></b>		
<b><u>Direct Program</u></b>		
Project Impact-Building Disaster Resistant Communities	83.551	99-GR-96
<b><u>Passed Through State Emergency Management Agency</u></b>		
Emergency Management - Performance Grants	83.552	00-SLA-01
Public Assistance Grants	83.544	FEMA-1214-DR-AL, PA
Public Assistance Grants	83.544	5% Hazard Mitigation Grant
Sub-Total Public Assistance Grants		
First Responder Counter-Terrorism Training Assistance	83.547	99TCP
Chemical Stockpile Emergency Preparedness Program	83.549	00-CSP-01
Chemical Stockpile Emergency Preparedness Program	83.549	99-CSP-01
Sub-Total Chemical Stockpile Emergency Preparedness Program		
Total Emergency Management Agency		
<b><u>U.S. Department of Transportation</u></b>		
<b><u>Passed Through State Emergency Management Agency</u></b>		
Interagency Hazardous Materials Public Sector- Training and Planning Grants	20.703	98DOT
Total U.S. Department of Transportation		
<b><u>U.S. Department of Justice</u></b>		
<b><u>Direct Program</u></b>		
Juvenile Justice and Delinquency Prevention	16.541	1999JSFX0021
Local Law Enforcement Block Grants Program (M)	16.592	2000LBVX0854
<b><u>Passed Through City of Sylvan Springs</u></b>		
Public Safety Partnership and Community Policing Grants	16.710	98-UM-WX-2075
<b><u>Passed Through Alabama Department of Economic and Community Affairs</u></b>		
Violent Offenders Incarceration and Truth In Sentencing Incentive Grant	16.586	96-CV-LCL-005
Total U.S. Department of Justice		
Sub-Total Forward		

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 40,177,377	\$ 36,934,080	\$ 7,369,890	\$ 10,072,288
4-8-99 To 4-7-01	155,000	155,000	67,870	67,870
10-1-99 To 9-30-00	102,923	66,021	66,021	66,021
10-1-99 To 9-30-00	5,357,587	4,032,298	245,536	245,536
10-1-99 To 9-30-00	20,000	20,000	20,000	20,000
	<u>5,377,587</u>	<u>4,052,298</u>	<u>265,536</u>	<u>265,536</u>
8-1-00 To 1-1-01	29,000	29,000	25,000	25,000
10-1-99 To 9-30-00	69,127	69,127	46,426	46,426
10-1-98 To 9-30-00	71,713	71,713	22,424	22,424
	<u>140,840</u>	<u>140,840</u>	<u>68,850</u>	<u>68,850</u>
	<u>5,805,350</u>	<u>4,443,159</u>	<u>493,277</u>	<u>493,277</u>
10-1-97 To 9-30-00	8,000	8,000	8,000	8,000
	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>
7-1-99 To 9-30-00	74,000	74,000	37,494	37,494
10-1-99 To 9-30-01	978,948	881,053	881,053	881,053
04-01-98 To 3-31-01	556,880	375,000	178,770	178,770
12-15-98 To 12-14-99	325,160	292,644	257,355	257,355
	<u>1,934,988</u>	<u>1,622,697</u>	<u>1,354,672</u>	<u>1,354,672</u>
	\$ 47,925,715	\$ 43,007,935	\$ 9,225,839	\$ 11,928,236

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***Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2000***

<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 Commerce</u></b>		
<b><u>Direct Program</u></b>		
Economic Development-Technical Assistance (M)	11.303	04-39-03391.02
Total U.S. Department of Commerce		
<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	
<b><u>Corporation for National and Community Service</u></b>		
AmeriCorps	94.006	94ASCAL0011401
AmeriCorps	94.006	94ASCAL0011401
Sub-Total AmeriCorps		
Volunteers In Service to America	94.013	332S204/01
Total Corporation for National and Community Service		
Total Expenditures of Federal Awards		

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

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

Assistance Period	Budget		Revenue Recognized	Expenditures
	Total	Federal Share		
	\$ 47,925,715	\$ 43,007,935	\$ 9,225,839	\$ 11,928,236
7-25-86 To 9-30-99	2,400,000	1,200,000		508,393
	<u>2,400,000</u>	<u>1,200,000</u>		<u>508,393</u>
10-1-99 To 9-30-00	32	32	32	32
10-1-99 To 12-31-00	340,180	233,356	151,181	151,181
8-1-98 To 12-31-99	333,097	224,770	94,283	
	<u>673,277</u>	<u>458,126</u>	<u>245,464</u>	<u>151,181</u>
6-1-98 To 7-31-00	1,000	1,000	599	599
	<u>674,277</u>	<u>459,126</u>	<u>246,063</u>	<u>151,780</u>
	<u>\$ 51,000,023</u>	<u>\$ 44,667,093</u>	<u>\$ 9,471,934</u>	<u>\$ 12,588,441</u>

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***Notes to the Schedule of Expenditures  
of Federal Awards  
For the Year Ended September 30, 2000***

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**Note 1 – Basis of Presentation**

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

**Note 2 – Other**

Jefferson County issues loans through the Community Development Office for eligible recipients. The following loans were outstanding at September 30, 2000:

		Loans Outstanding	Less: Allowance for Doubtful Accounts	Net Loans Outstanding
Community Development Block Grants/Entitlement Grants	CFDA #14.218	\$2,367,216	\$(104,836)	\$2,262,380
Economic Development Technical Assistance	CFDA #11.303	\$ 438,748	\$ (44,043)	\$ 394,705
HOME Investment Partnership Program	CFDA #14.239	\$ 815,685	\$	\$ 815,685

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## *Additional Information*



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***Commission Members and Administrative Personnel***  
***October 1, 1999 through September 30, 2000***

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<b>Commission Members</b>		<b>Term Expires</b>
Hon. Gary White, President	Suite 230 Jefferson County Courthouse Birmingham, AL 35263	2002
Hon. Bettye Fine Collins, Member	Suite 220 Jefferson County Courthouse Birmingham, AL 35263	2002
Hon. Jeff Germany, Member	Suite 250 Jefferson County Courthouse Birmingham, AL 35263	2002
Hon. Chris McNair, Member	Suite 240 Jefferson County Courthouse Birmingham, AL 35263	2002
Hon. Mary M. Buckelew, Member	Suite 210 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, 2000, and have issued our report thereon dated February 23, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Commission's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 99-1.

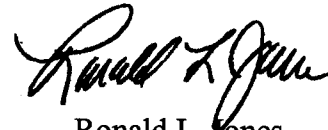
A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

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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

February 23, 2001

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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, 2000. 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, 2000.

## **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

February 23, 2001

***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2000***

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

**Financial Statements**

Type of opinion issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Reportable condition(s) identified that are not considered to be material weakness(es)?   X   Yes        None reported

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?        Yes   X   No

Reportable condition(s) identified that are not considered to be material weakness(es)?        Yes   X   None reported

Type of opinion issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?        Yes   X   No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.044 and 93.045	Aging Cluster Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease
93.918	Local Law Enforcement Block Grants Program
16.592	Economic Development-Technical Assistance
11.303	

Dollar threshold used to distinguish Between Type A and Type B programs: \$300,000.00

Auditee qualified as low-risk auditee?   X   Yes        No

***Schedule of Findings and Questioned Costs***  
***For the Year Ended September 30, 2000***

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

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

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

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



*Auditee Response/Corrective Action Plan*



# JEFFERSON COUNTY COMMISSION



GARY WHITE - PRESIDENT  
MARY M. BUCKELEW  
BETTYE FINE COLLINS  
JEFF GERMANY  
CHRIS MCNAIR

**GARY WHITE—COMMISSIONER**  
Finance and General Services

STEVE F. SAYLER  
Finance Director  
TRAVIS A. HULSEY  
Assistant Finance Director  
Finance Department  
Suite 810 Courthouse  
716 Richard Arrington, Jr. Blvd. N.  
Birmingham, Alabama 35203  
Telephone (205) 325-5762

## **Corrective Action Plan For the Year Ended September 30, 2000**

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(c), the Jefferson County Commission 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, 2000.

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

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

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

Finding: The *Code of Alabama 1975*, Section 39-2-2(e) states "in case of an emergency affecting public health, safety, or convenience, . . . contracts may be let to the extent necessary to meet the emergency without public advertisement." This Code section relieves the County from the requirements for public advertising, but does not relieve the County from bidding. Jefferson County Commission did not bid emergency sewer repairs that were in excess of \$50,000.

Response: The Jefferson County Department of Environmental Services recently received ownership of local city sewers and they are adjusting to the processes of repairing these sewers. New procedures are being implemented, hopefully to cure this problem in 2001.

Finding: At September 30, 2000, the following fund had deficit fund balance:

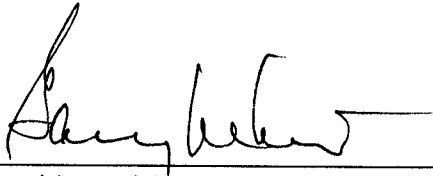
Road Fund	\$2,890,000
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Response: The Jefferson County Commission supplements the Road operations from the General Fund. The Commission transfers the supplementary cash at appropriate

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 2001 will eliminate this finding in the future. We will maintain cash accounts with a zero balance for funds that are not self sustaining. We will not overfund the fund's accounts in order to eliminate the fund balance deficits.

Finding: The Alabama Competitive Bid Law requires that entities obtain competitive bids for purchases of goods and services costing \$7,500.00 or more. The Commission bid gasoline and fuel for a period of three years and awarded the bid to a local vendor. However, the Commission made purchases of gasoline totaling \$20,852.71 from another vendor.

Response: The Finance Director cancelled the credit agreement with the nonwinning vendor in 2001.

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

Gary White, President of County Commission