

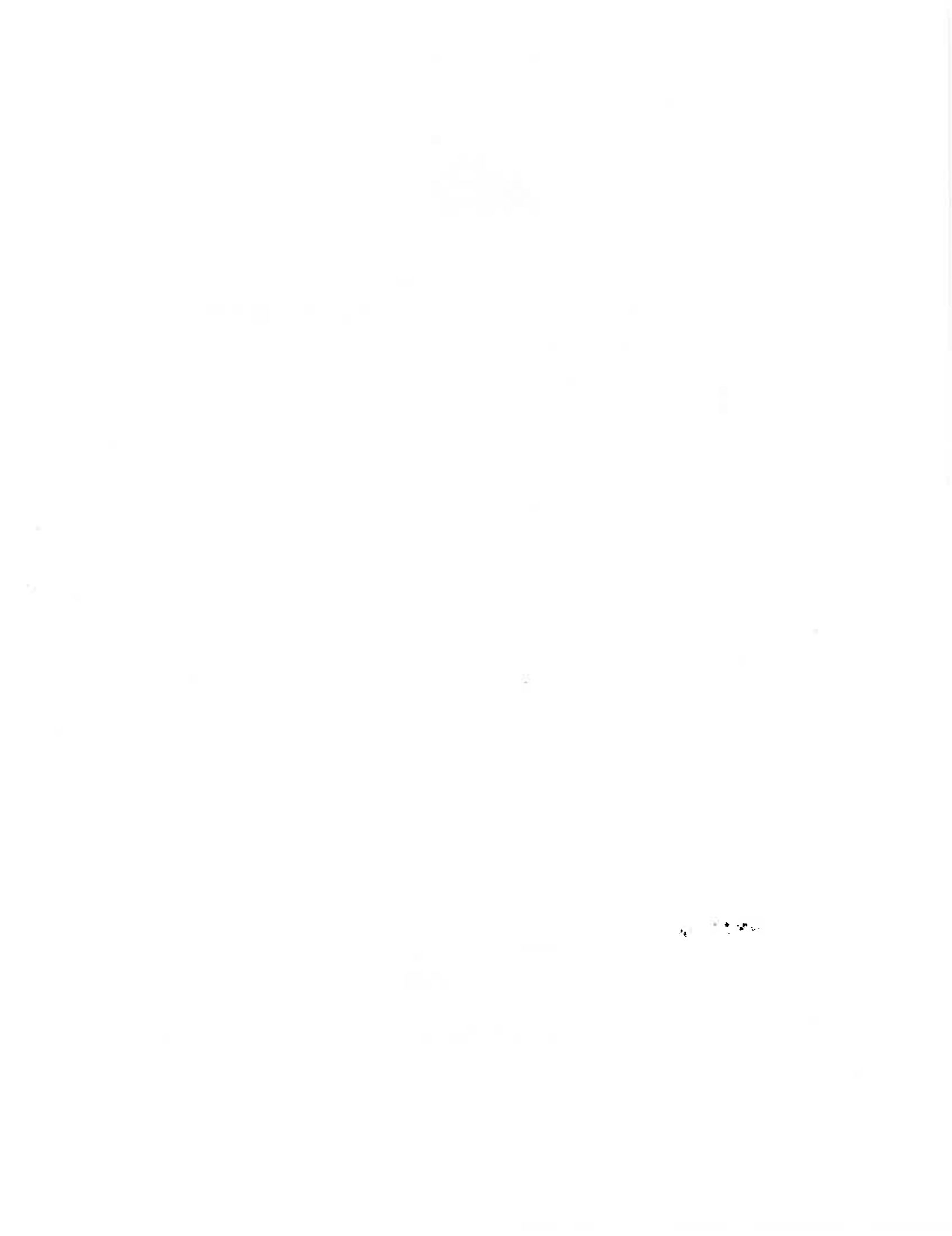


STATE OF ALABAMA  
DEPARTMENT OF EXAMINERS OF PUBLIC ACCOUNTS  
MONTGOMERY, ALABAMA 36130

JEFFERSON COUNTY COMMISSION  
JEFFERSON COUNTY, ALABAMA  
OCTOBER 1, 1993 THROUGH SEPTEMBER 30, 1994

Filed: APR 21 1995

RONALD L. JONES  
CHIEF EXAMINER



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

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, 1993 through September 30, 1994.

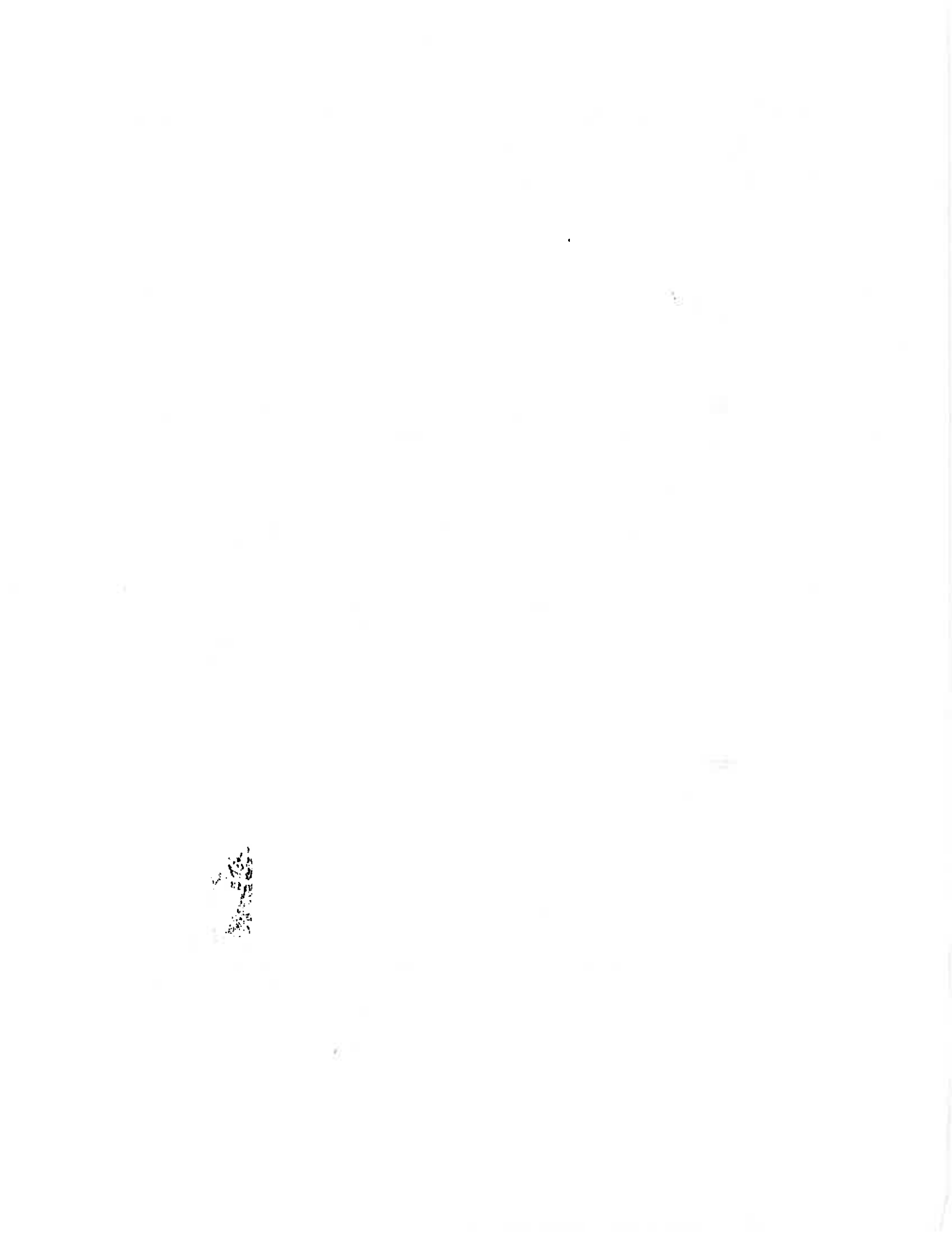
SCOPE AND OBJECTIVES

This report encompasses an audit of financial statements of the Jefferson County Commission (the "Commission") and a review of compliance by the Jefferson County 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 Jefferson County Commission has complied with applicable laws and regulations.

CONTENTS OF REPORT

This report includes the following segments:

1. Report to the Chief Examiner - contains items pertaining to state legal compliance, agency operations and other matters.
2. Financial Section - includes basic financial statements (Exhibits 1 through 5); Notes to the Financial Statements; financial information supplemental to the basic financial statements (Exhibits 6 through 18); a Schedule of Federal Financial Assistance (Exhibit 19), which details federal assistance received and expended during the audit period; Schedules required by the Alabama Department of Economic and Community Affairs (Exhibits 20 through 24), which provide grant information; and the Independent Auditor's Report, which reports on whether the included financial information constitutes a fair presentation of the financial position and results of financial operations.



3. Additional Information - contains basic information related to the auditee (Exhibit 25) and the following reports and items required by generally accepted government auditing standards and/or U.S. Office of Management and Budget (OMB) Circular A-128 for federal compliance audits:

Compliance Report Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards (Exhibit 26) - a report on whether the auditee has complied with laws and regulations which if not followed could have a material effect on the auditee's financial position and results of operations with positive assurance on the items tested and negative assurance on items not tested.

Report on the Internal Control Structure in Accordance With Government Auditing Standards (Exhibit 27) - a report on the internal control structure made as part of a financial statement audit.

Single Audit Opinion on Compliance With Specific Requirements Applicable to Major Federal Financial Assistance Programs (Exhibit 28) - a report which gives an opinion on the entity's compliance with specific requirements that are applicable to each of its major federal financial assistance programs.

Single Audit Report on Compliance With the General Requirements Applicable to Federal Financial Assistance Programs (Exhibit 29) - a report on the general requirements which gives positive assurance on the items tested and negative assurance on the items not tested for federal programs.

Single Audit Report on Compliance With Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions (Exhibit 30) - a report on compliance with specific requirements applicable to nonmajor program transactions that gives positive assurance on the items tested and negative assurance on items not tested.

Single Audit Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs - (Exhibit 31) - a report on internal controls used to administer federal financial assistance programs.

Auditee Response (Exhibit 32) - a response by the auditee on the results of the audit.



AUDIT COMMENTS

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

AUDIT FINDINGS

As of September 30, 1994, the following funds had deficit fund balances/retained earnings:

<u>Special Revenue Funds</u>		<u>Internal Service Funds</u>	
Road Fund	1,417,004	Fleet Management Fund	305,486
Community Development Fund	206,847	Central Laundry Fund	85,407
		Building Service Fund	596,137

STATUS OF PRIOR AUDITS

Findings contained in the prior audit have been resolved except for the following:

The Commission utilizes an accounting software program ("TAG") which allows journal entries to be made in a "thirteenth period" after the fiscal year end closes while allowing current year transactions to also be processed. Such procedure should be used to facilitate adjustments due to unanticipated information received subsequent to the year end close for a limited period of time. However, the Commission continued to make numerous material adjustments in the "thirteenth period" to the general ledger for the fiscal year ending September 30, 1994, as late as March 7, 1995. Although "thirteenth period" adjustments were made more timely than in the previous fiscal year, when adjustments continued ten months after the fiscal year end, this procedure continues to interfere with our verification of management's assertions regarding the existence and completeness of balance sheet and related nominal account balances. It also impairs the effectiveness of the budgetary control process, as material adjustments to expenditures made in the 1993-94 "thirteenth period" six months after fiscal year end close would also materially affect the current year's budgeted resources and obligations.

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The Commission's fixed asset inventory records were not updated in a timely manner, with regard to additions, transfers and deletions. A physical inventory of non-federal fixed assets had not been recently performed. The Commission did not properly record all purchases of general fixed assets, primarily construction in progress, as capital outlay during the audit period; therefore, additions to the General Fixed Asset Account Group could not be reconciled to capital outlay. The subsidiary listing of non-federal fixed assets was not reconciled to the general ledger on a regular basis.

Numerous adjustments were necessary to correct payroll withholdings payable in the General and Cooper Green Hospital Funds.

#### SUMMARY OF FEDERAL COMPLIANCE AND INTERNAL CONTROL STRUCTURE

Management is responsible for establishing and maintaining the internal control structure which provides reasonable assurance that assets are safeguarded from loss or unauthorized use, that all transactions are properly recorded and executed as authorized by management and that transactions are executed in accordance with applicable federal legal requirements. Records should show evidence of the operations of these controls. The following reportable conditions were noted which reduce the effectiveness of the internal control structure of the Jefferson County Commission:

##### **Immaterial:**

Adequate controls did not exist over the maintenance of the accounts receivable subsidiary and follow-up of delinquent accounts in the Sewer Impact/Septic Tank Department. Procedures were not present to ensure that changes made to the Commission's software coding were properly documented for review and approval of modifications by appropriate management personnel, and tests of results after modifications were made. Reconciliation of subsidiary ledgers to general ledger control accounts was not performed timely for expenditures and encumbrances.

##### **Material:**

Adequate segregation of duties did not exist for receipting cash, preparing deposits, posting the receivable subsidiary ledger, and billing at the County Nursing Home and Environmental Services Administration-Landfill. Procedures did not exist to ensure that the provision for bad debt expense and allowance for uncollectible accounts were properly recorded in the Landfill





*and Sanitary Operations Funds. A subsidiary ledger was not retained at year end for the Sewer Billing Department's accounts receivable. There was inadequate maintenance of additions, transfers, and deletions to the fixed asset inventory listing, and reconciliation of this listing to the general ledger was not performed periodically. A physical inventory of non-federal fixed assets had not recently been performed. Reconciliation of subsidiary ledgers to control accounts was not performed timely for accounts receivable.*

RECOMMENDATIONS

*Deficit fund balances should be alleviated.*

*The Commission's policy of allowing adjustments to the general ledger in the "thirteenth period" should be limited to adjustments related to unanticipated information received subsequent to the year end close for a reasonable period of time.*

*Additions, transfers, and deletions to the fixed asset inventory listing should be adequately maintained, and a reconciliation of this listing to the general ledger should be performed periodically.*

*A physical inventory of non-federal fixed assets should be performed.*

*Controls should be established to monitor payroll withholding liability balances in a timely manner.*

*Procedures should be implemented to ensure adequate segregation of duties for receipting cash, preparing deposits, posting of receivable subsidiary ledger, and billing at the County Nursing Home and Environmental Services Administration-Landfill.*

*Procedures should be established to record the provision for bad debt expense and allowance for uncollectible accounts in the Landfill and Sanitary Operations Funds.*

*Accounts receivable subsidiary ledgers should be retained at year-end, and should be reconciled to general ledger control accounts in a timely manner.*

9

Sworn to and subscribed  
before me this the 2<sup>nd</sup>  
day of April, 1995.

James T. Graham  
Notary Public

MY COMMISSION EXPIRES MARCH 29, 1996

Sworn to and subscribed  
before me this the 10<sup>th</sup>  
day of April, 1995.

James T. Graham  
Notary Public

MY COMMISSION EXPIRES MARCH 29, 1996

Sworn to and subscribed  
before me this the 12<sup>th</sup>  
day of April, 1995.

M. Jane N. Carter  
Notary Public

MY COMMISSION EXPIRES FEB. 2, 1997

Sworn to and subscribed  
before me this the 15<sup>th</sup>  
day of April, 1995.

James T. Graham  
Notary Public

MY COMMISSION EXPIRES MARCH 29, 1996

kw

Respectfully submitted,

Linda Barrontine  
Linda Barrontine  
Examiner of Public Accounts

Kimberly McPherson

Kimberly McPherson  
Examiner of Public Accounts

Randy Dodd

Randy Dodd  
Examiner of Public Accounts

Gary A. Pitts

Gary A. Pitts  
Examiner of Public Accounts



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, 1994, listed in the table of contents as Exhibits 1 through 5. These financial statements are the responsibility of the Jefferson County Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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 present fairly, in all material respects, the financial position of the primary government, the Jefferson County Commission, as of September 30, 1994, and the results of its operations and cash flows of its proprietary fund types and similar trust funds for the year then ended, in conformity with generally accepted accounting principles.

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, 1994, and the results of its operations and cash flows of its proprietary fund types and similar trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the primary government financial statements referred to above taken as a whole. The accompanying supplemental (Exhibits 6 through 18) and supplementary (Exhibits 19 through 24) information is presented for purposes of additional analysis and is not a required part of the primary government financial statements of



*the Jefferson County Commission. 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 of the Jefferson County Commission taken as a whole.*



Ronald L. Jones  
Chief Examiner

Department of Examiners of Public Accounts

March 10, 1995

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
September 30, 1994

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Debt Service	Enterprise	Internal Service
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Cash Deficit	\$	1,922,433	\$	\$	1,448,744
Accounts Payable	840,559	3,755,547		4,567,916	588,336
Accrued Payroll and Taxes	1,591,673		2,725,564	1,675,788	495,135
Due to Other Funds		581,991			
Due to Other Governmental Units	2,050				
Retainage Payable				150,000	
Superannuation Retirement	60,900				
Deposits Payable	4,137				
Deferred Revenues	157,882	55,849			3,606
Accrued Vacation and Sick Leave					
Arbitrage Rebate Payable					
Bonds and Warrants Payable					
Capital Lease					
Purchase Contracts Payable					
Obligations to Employees Under					
Deferred Compensation Plan					
<b>TOTAL LIABILITIES</b>	<b>2,657,201</b>	<b>6,315,820</b>	<b>2,725,564</b>	<b>1,660,804</b>	<b>4,106,141</b>
<b>FUND EQUITY</b>					
Investment in General					
Fixed Assets					
Contributed Capital					
Retained Earnings:					
Reserved for					
Professional Liability					
Unreserved					
Fund Balance:					
Reserved for:					
Encumbrances	2,829,529	10,738,181			
Inventories	177,275	1,575,054			
Debt Service			14,839,846		
Petty Cash	54,775	200			
Contingent Refunds					
Retirement/Disability Benefits					
Loans Receivable	300,000	4,391,427			
Unreserved	12,581,266	(4,990,161)			
<b>TOTAL FUND EQUITY</b>	<b>15,942,845</b>	<b>11,714,701</b>	<b>14,839,846</b>	<b>46,985,471</b>	<b>8,117,967</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 18,600,046</b>	<b>\$ 18,030,521</b>	<b>\$ 17,565,410</b>	<b>\$ 48,646,275</b>	<b>\$ 12,224,108</b>



	Fiduciary Fund Types		Account Groups		Totals		
	Trust and Agency	General Fixed Asset	General Long-Term Debt	(Memorandum Only)			
				Current Year	Prior Year	Prior Year	
<b>ASSETS</b>							
Cash and Investments	315,373,801	\$	\$	457,523,514		479,797,677	
Accounts Receivable, Net				2,081,528		1,375,701	
Patient Accounts Receivable, Net				6,131,792		5,391,608	
Loans Receivable, Net				4,691,427		4,366,196	
Interest Receivable				8,283,833		3,531,333	
Contributions Receivable	409,011			409,011		34,514	
Due From Other Funds				14,727,921		3,000,311	
Due From Other Governmental Units				4,141,511		12,685,999	
Inventories				4,080,744		4,088,036	
Prepaid Expenses				602,973		27,257	
Warrant Issuance Cost			261,249,686	585,319,452		4,312,909	
Fixed Assets, Net Where Applicable				12,570,627		552,881,552	
Property and Rights Held Under						10,988,259	
Deferred Compensation Plan						23,871,472	
Accreted Interest in General						16,402,416	
Obligation Warrants						154,993,258	
Amounts Available in Debt Service Fund						195,267,146	
Amounts to be Provided for Retirement						161,791,113	
of General Long-Term Debt							
<b>TOTAL ASSETS</b>	\$ 328,353,439	\$	\$ 261,249,686	\$ 1,295,831,479	\$	\$ 1,284,973,835	

	Fiduciary Fund Types		Account Groups		Totals	
	Trust and Agency	General Fixed Asset	General Long-Term Debt	(Memorandum Only)		
				Current Year	Prior Year	
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES</b>						
Cash Deficit	\$	\$	\$	\$	3,371,177	\$ 9,980,750
Accounts Payable					11,375,540	14,953,723
Interest Payable					2,725,564	576,122
Accrued Payroll and Taxes					4,346,432	5,382,200
Due to Other Funds						3,000,311
Due to Other Governmental Units					2,050	265,516
Retainage Payable					624,000	534,000
Superannuation Sheriff Retirement					60,900	56,850
Deposits Payable					7,743	4,137
Deferred Revenues					49,172	101,948
Accrued Vacation and Sick Leave			6,822,146		11,926,725	11,417,809
Arbitrage Rebate Payable					20,205	173,904
Bonds and Warrants Payable			188,445,000		345,105,000	357,325,000
Capital Lease- Purchase Contracts Payable					6,323	100,452
Obligations to Employees Under Deferred Compensation Plan					12,570,627	10,988,259
<b>TOTAL LIABILITIES</b>			195,267,146		392,191,458	414,860,981
<b>FUND EQUITY</b>						
Investment in General Fixed Assets		261,249,686			261,249,686	244,292,058
Contributed Capital					179,081,860	186,261,546
Retained Earnings:						
Reserved for Professional Liability					769,533	747,595
Unreserved					57,456,867	68,393,529
Fund Balance:						
Reserved for:						
Encumbrances					22,071,673	14,846,420
Inventories					1,752,329	1,550,593
Debt Service					14,839,846	12,345,666
Petty Cash					54,975	53,375
Contingent Refunds	42,471,135				42,471,135	39,135,638
Retirement/Disability Benefits	273,128,077				273,128,077	248,362,780
Loans Receivable					4,691,427	4,368,196
Unreserved					46,072,613	49,755,458
<b>TOTAL FUND EQUITY</b>		261,249,686			903,640,021	870,112,854
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	\$	328,353,439	\$	195,267,146	\$	1,295,831,479
					\$	1,284,973,835

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
For the Fiscal Year Ended September 30, 1994

	Governmental Fund Types				Totals	
	General	Special Revenue	Debt Service	Capital Projects	Current Year	Prior Year
<b>REVENUES</b>						
Taxes	\$ 42,327,603	\$ 53,351,682	\$	\$	\$ 95,679,285	\$ 91,975,325
Licenses and Permits	42,247,983				42,247,983	40,217,974
Intergovernmental Revenues	10,164,051	16,628,250		136,850	26,929,151	24,661,481
Charges for Services	13,829,634	3,513,164	10,281	31,244	15,384,323	12,250,536
Indirect Cost Recovery	1,821,899				1,821,899	1,821,899
Miscellaneous Revenues	2,220,211	1,666,935	874,116	3,942,580	8,703,842	7,341,828
<b>TOTAL REVENUES</b>	<b>112,611,381</b>	<b>73,160,031</b>	<b>884,397</b>	<b>4,110,674</b>	<b>190,766,483</b>	<b>178,269,043</b>
<b>EXPENDITURES</b>						
Current:						
General Government	35,600,452	7,199,290		7,315,536	50,115,278	67,757,948
Public Safety	34,749,785	238,476			34,988,261	34,060,649
Highways and Streets		24,717,478		4,936,747	29,654,225	32,049,626
Sanitation				182,034	182,034	378,380
Health and Welfare	720,978	4,386,834		15,639	5,123,451	3,010,249
Culture and Recreation	11,756,303			2,243,495	13,969,798	11,980,935
Education	363,185				363,185	276,735
Capital Outlay	593,159	1,743,875		1,641,624	3,978,658	4,592,292
Debt Service:						
Issuance Costs						1,898,186
Principal Retirement			8,285,000		8,285,000	5,003,538
Interest and Fiscal Charges			4,152,945		4,152,945	5,644,356
Indirect Cost		127,769			127,769	127,769
<b>TOTAL EXPENDITURES</b>	<b>83,753,862</b>	<b>38,413,722</b>	<b>12,437,945</b>	<b>16,335,075</b>	<b>150,940,604</b>	<b>166,780,663</b>
Excess (deficiency) of revenues over expenditures	<b>28,857,519</b>	<b>34,746,309</b>	<b>(11,553,548)</b>	<b>(12,224,401)</b>	<b>39,825,879</b>	<b>11,488,380</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfers In	3,247,223	11,902,148	14,047,729	5,000,000	34,197,100	44,831,663
Operating Transfers Out	(33,747,820)	(36,825,974)		(5,000,000)	(75,573,794)	(82,534,861)
Proceeds from Bond Issue						64,940,000
Proceeds from Sale of Fixed Assets	282,800	70,846			282,800	
Other Financing Sources					70,846	
Payment to Escrow Agent						(63,178,633)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(30,217,797)</b>	<b>(24,822,980)</b>	<b>14,047,729</b>	<b>(41,023,048)</b>	<b>(41,023,048)</b>	<b>(35,943,831)</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<b>(1,360,278)</b>	<b>9,893,329</b>	<b>2,494,181</b>	<b>(12,224,401)</b>	<b>(1,197,169)</b>	<b>(24,453,451)</b>
Fund Balances at beginning of year	17,303,123	1,821,372	12,345,665	51,449,546	82,919,706	107,373,157
Residual Equity Transfers In				7,760,326	7,760,326	
Fund Balances at end of year	\$ 15,942,845	\$ 11,714,701	\$ 14,839,846	\$ 46,985,471	\$ 89,482,863	\$ 82,919,706

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

Jefferson County  
Commission

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - FUND BALANCE

Exhibit #4

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

For the Fiscal Year Ended September 30, 1994

	Proprietary Fund Types		Fiduciary Fund Type		Totals	
	Enterprise Funds	Internal Service Funds	Trust Fund	Pension	Current Year	(Memorandum Only) Prior Year
<b>OPERATING REVENUES</b>						
Taxes	\$ 2,327,333	\$	\$		2,327,333	\$ 2,305,275
Licenses and Permits	11,190				11,190	8,705
Intergovernmental Revenues		2,115,975			2,115,975	3,950,246
Charges for Services	58,542,529	15,252,215			73,794,744	77,182,427
Miscellaneous Revenues	1,968,168	244,619			2,212,787	2,242,911
Net Patient Revenue	23,089,159				23,089,159	19,671,039
Medicaid Disproportionate Share	4,419,644				4,419,644	13,776,875
Contributions-Employer			5,678,149		5,678,149	5,124,831
Contributions-Employees			5,677,829		5,677,829	5,123,620
Interest on Investments			13,662,029		13,662,029	10,831,822
Dividends on Investments			3,473,664		3,473,664	3,285,628
Net Gain on Sale of Investment			8,377,508		8,377,508	12,185,916
Other Revenue			285,811		285,811	252,243
<b>Total operating revenues</b>	<b>90,358,023</b>	<b>17,612,809</b>	<b>37,154,990</b>		<b>145,125,822</b>	<b>155,941,538</b>
<b>OPERATING EXPENSES</b>						
Salaries and Wages	40,183,485	12,071,400		95,938	52,350,823	51,229,163
Fringe Benefits	9,872,962	5,245,403			15,118,365	12,941,352
Provision for Bad Debts	2,677,267				2,677,267	3,337,298
Utilities	4,732,690	2,471,121			7,203,811	6,938,731
Depreciation	18,991,859	503,555			19,495,414	22,019,913
Outside Services	6,200,994	2,451,157			8,652,151	10,720,426
Services from Other Hospitals	4,840,112				4,840,112	4,816,030
Jefferson Clinic	9,951,008				9,951,008	9,493,053
Office Expense	1,376,661	424,047			1,800,708	2,042,212
Supplies	10,597,597	4,671,115			15,268,712	15,923,757
Other Operating Expenses	8,180,106	1,325,279		41,448	9,546,833	6,734,702
Investment Manager Fees				769,789		759,713
Pension Benefits				6,762,754		5,988,078
Refunds of Employers Contributions				1,277,747		1,108,269
Interest Paid on Refunds				106,520		174,448
<b>Total operating expenses</b>	<b>117,604,741</b>	<b>29,163,077</b>	<b>9,054,196</b>		<b>155,822,014</b>	<b>154,227,145</b>
<b>Operating income/(loss)</b>	<b>(27,246,718)</b>	<b>(11,550,268)</b>	<b>28,100,794</b>		<b>(10,696,192)</b>	<b>1,714,393</b>
(Forward to Sheet 2)						

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - FUND BALANCE  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
For the Fiscal Year Ended September 30, 1994

Jefferson County  
Commission

	Proprietary Fund Types		Fiduciary Fund Type		Totals	
	Enterprise Funds	Internal Service Funds	Pension Trust Fund		Current Year	(Memorandum Only) Prior Year
Operating income/(loss) (Forward from Sheet 1)	(27,246,718)	(11,550,268)	28,100,794		(10,696,192)	1,714,393
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Miscellaneous Revenues	\$ 2,263,861	\$	\$	\$	2,263,861	\$ 2,116,971
Indirect Cost Recovery	8,539	2			8,541	8,541
Indirect Cost	(1,515,586)	(177,525)			(1,693,111)	(1,693,111)
Gain on Sale of Fixed Assets	(25,216)	4,696			4,696	
Loss from Disposal of Fixed Assets					(25,216)	(53,753)
Net Loss from Sale of Investments	1,174,630	199,446			1,374,076	(4,635,536)
Interest Income	(7,661,979)	(4,975)			(7,666,954)	5,851,527
Interest Expense						(12,079,534)
Total Nonoperating revenues (expenses)	(5,755,751)	21,644			(5,734,107)	(10,484,895)
Income before operating transfers	(33,002,469)	(11,528,624)	28,100,794		(16,430,299)	(8,770,502)
<b>OPERATING TRANSFERS</b>						
Operating Transfers In	36,700,585	8,173,718			44,874,303	41,367,864
Operating Transfers Out	(299,982)	(3,197,626)			(3,497,608)	(3,664,666)
Net Income/(Loss)	3,398,134	(6,552,532)	28,100,794		24,946,396	28,932,696
Retained Earnings/Fund Balance, beginning of year as restated (Note 21)	49,046,590	20,094,534	287,498,418		356,639,542	327,706,846
Residual Equity Transfers Out		(7,760,326)			(7,760,326)	
Retained Earnings/Fund Balance, end of year	\$ 52,444,724	\$ 5,781,676	\$ 315,599,212	\$	\$ 373,825,612	\$ 356,639,542

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

COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
For the Fiscal Year Ended September 30, 1994

Exhibit #5

	Proprietary Fund Types		Fiduciary Fund Types		Totals	
	Enterprise Funds	Internal Service Funds	Pension Trust Fund	(Memorandum Only)	Current Year	Prior Year
<u>Cash Flows From Operating Activities:</u>						
Operating Income (Loss)	(27,246,718)	(11,550,268)	28,100,794		(10,696,192)	1,714,393
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	18,759,694	503,555			19,263,249	22,019,913
Provision for Doubtful Accounts (Increase)/Decrease	28,903				28,903	(67,987)
Increase/Decrease in Accounts Receivable	(699,883)	100,803	(374,497)		(973,577)	(456,970)
(Increase) in Patients Receivable	(740,184)				(740,184)	(4,409,129)
(Increase)/Decrease in Prepaid Items	10,716	(11,783)			(1,067)	12,386
(Increase)/Decrease in Due From Governmental Units	(25,654)	(290,532)			(316,186)	(1,401,606)
Decrease in Contractual Agencies Receivable	61,681	86,581			148,262	878,420
(Increase)/Decrease in Inventory	(2,901,251)	(237,072)	(12,532)		(3,150,855)	(481,704)
Increase/(Decrease) in Accrued Payroll and Taxes	848,302	495,135			1,343,437	(1,541,587)
Increase/(Decrease) in Deposits Payable		3,606			3,606	(3,392)
Increase/(Decrease) in Deferred Revenue		(3,358)			(3,358)	(3,264)
(Decrease) in Retainage Payable	(60,000)				(60,000)	3,358
Increase/(Decrease) in Interest Payable	(366,213)	(75,867)			(442,080)	(289,000)
(Decrease) in Contracts Payable	(14,263)	116,317			(94,130)	114,829
Increase in Compensated Absences Payable	40,891	(173,904)			(133,013)	(510,489)
(Gain)/Loss on Arbitrage Rebate Payable	(25,216)	4,696	(8,239,070)		(20,520)	169,954
(Gain) on Sale of Investments			106,520		106,520	(338,492)
Interest paid on Refunds			(17,135,693)		(17,135,693)	(53,653)
Interest and Dividend Revenue					(8,239,070)	(16,705,436)
					106,520	174,448
					(17,135,693)	(14,117,450)
Total Adjustments	14,917,523	514,177	(25,655,272)		(10,223,572)	(13,669,553)
Net Cash Provided/(Used) by Operating Activities	(12,329,195)	(11,036,091)	2,445,522		(20,919,764)	(11,955,160)
(Forward to Sheet 2)						

COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
For the Fiscal Year Ended September 30, 1994

	Proprietary Fund Types		Totals	
	Enterprise Funds	Internal Service Funds	Current Year	Prior Year
Net Cash Provided/(Used) by Operating Activities (Forward from Sheet 1)	(12,329,195)	(11,036,091)	(20,919,764)	(11,955,160)
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Operating Transfers In	36,700,585	8,173,716	44,874,301	41,367,864
Operating Transfers Out	(299,982)	(3,197,626)	(3,497,608)	(3,664,666)
Payments to Other Funds	(1,829,941)		(1,829,941)	(1,835,411)
Received from Other Funds	191,267	1,207,454	1,398,721	1,896,631
Increase/(Decrease) in Cash Deficit	(3,384,182)	(1,690,186)	(5,062,595)	2,629,785
Received from Auxiliary Services	2,263,860		2,263,860	2,116,872
Indirect Cost	(1,507,047)	(177,523)	(1,684,570)	(1,684,570)
Net Cash Provided by Non-Capital Financing Activities	32,134,560	4,315,835	36,462,168	41,026,505
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Capital contributed by government	1,724,010		1,724,010	
Residual Equity Transfers Out	(7,661,979)	(7,760,326)	(7,760,326)	(12,079,535)
Interest Paid	(43,395,727)	(4,975)	(43,647,208)	(32,087,977)
Acquisition of Fixed Assets	(3,935,000)	(251,481)	(3,935,000)	(17,040,000)
Principal Payments				(1,339,983)
Warrant issuance costs	232,165		232,165	188,939
Amortization of Warrant issuance costs				46,005,000
Proceeds from Issuance of debt				(40,080,000)
Payment for Advance Refunding of Bonds				
Net Cash Provided/(Used) by Capital and Related Financing Activities	(53,036,531)	(8,016,782)	(61,053,313)	(56,433,556)
<b>Cash Flows From Investing Activities:</b>				
Interest and Dividend Income	1,174,630	199,446	1,374,076	1,968,977
Purchase of Investments	(21,836,761)		(21,836,761)	(41,720,892)
Sale of Investments	53,405,684	898,769	54,304,453	4,223,293
Interest paid on Refunds				(174,448)
Net Cash Provided/(Used) by Investing Activities	32,743,553	1,098,215	30,986,810	24,017,822
<b>Net Increase/(Decrease) in Cash and Cash Equivalents, October 1</b>	(487,613)	(13,638,823)	(14,524,099)	(3,344,389)
<b>Cash and Cash Equivalents, September 30</b>	<u>38,322,137</u>	<u>18,282,398</u>	<u>57,002,198</u>	<u>60,346,587</u>
<b>Cash and Cash Equivalents, September 30</b>	<u>\$ 37,834,524</u>	<u>\$ 4,643,575</u>	<u>\$ 42,478,099</u>	<u>\$ 57,002,198</u>

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

Jefferson County  
Commission

NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended September 30, 1994

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Jefferson County 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 government's accounting policies are described below.

A. Reporting Entity

Generally accepted accounting principles (GAAP) require that the financial statements present the Jefferson County 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 Jefferson County Commission: Jefferson County Tax Collector--Birmingham and Bessemer Division, Tax Assessor--Birmingham and Bessemer Division, Director of Revenue, Probate Judge--Birmingham and Bessemer Division, Sheriff, Treasurer--Birmingham Division and Deputy Treasurer--Bessemer Division.

The accompanying financial statements reflect the activity of the Jefferson County 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 Jefferson County 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.

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.



For the Fiscal Year Ended September 30, 1994

Funds are classified into three fund types: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate funds.

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

General Fund

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

Special Revenue Funds

The Jefferson County Commission used the following Special Revenue Funds:

Indigent Care Fund. This fund accounts 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 drivers' license revenue. Revenues are earmarked for building and maintaining county roads and bridges.

Senior Citizens' Activities Fund. This fund is used to account for the expenditure of federal and county funds to provide social, nutritional, transportation, and other services to elderly residents of Jefferson County.

Bridge and Public Building Fund. This fund is used to account for the expenditure of special county property taxes for building and maintaining public buildings, roads and bridges.

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

CDBG/EDA Revolving Loan Fund. This fund accounts for the County'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 under Community Development from the U.S. Department of Housing and Urban Development for the Home Program.

Emergency Management Fund. This fund is used to account for the expenditure of funds received from the Federal Emergency Management Agency 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 County's general long-term debt principal and interest. During the fiscal year ended September 30, 1994, the Jefferson County 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).

Capital Improvements Fund. This fund accounts for the financial resources used in the improvement of major capital facilities.

Road Construction Fund. This fund accounts for the financial resources used in the construction of roads.

Proprietary Funds

Proprietary funds 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).

Enterprise Funds

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

The Jefferson County Commission operates the following Enterprise Funds:

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

For the Fiscal Year Ended September 30, 1994

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

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

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

Parking Deck Fund accounts 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. For fiscal year 1994, the Jefferson County Commission had nine Internal Service Funds:

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

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

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

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

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

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

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

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

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

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 project 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 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.

State statutes authorize the county commission to invest in obligations of the U. S. Treasury, securities of federal agencies and certificates of deposit.

Investments are stated at cost or amortized cost, except for investments in the deferred compensation agency fund which are reported at market 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, 1994, 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 asset 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 the straight line method. The estimated useful lives are as follows:

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

I. Other Debits

The general long-term debt account group reflects an account entitled "Amount to be Provided for Payment of General Long-Term Debt." This account has a debit balance and is an off-set to the general obligation payable. It does not constitute an asset of the county.

J. Accounts Payable

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

K. Compensated Absences

The Jefferson County Commission has a standard leave policy for its full time employees as to sick and annual 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 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 to a maximum of sixty days. Sick leave earned in excess of the maximum is held in a special reserve and may be granted as supplemental sick leave subject to certain provisions. 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.

A "wellness program" has been adopted in which retiring employees in good standing with a minimum of 15 years of service shall have an option of converting unused sick leave to retirement service credit. The dollar amount of this program has not been calculated and is not included on the financial statements.

The Governmental Accounting Standards Board (GASB) requires the accrual of a liability for vacation leave as the benefits are earned by employees if both of the following conditions are met: 1) the employees' rights to receive compensation are attributable to services already rendered and 2) it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The GASB requires the accrual of a liability for sick leave using one of two termination approaches - termination payments or the vesting method. The Jefferson County Commission uses the termination 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 payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

As of September 30, 1994, the liability for accrued annual and sick leave is approximately \$11,926,725. The amounts applicable to the Proprietary Funds of \$4,890,848 have been recorded in those funds. Only the current portion of \$213,731 has been reported as a liability in the Governmental Funds. The remainder of \$6,822,146 has been recorded in the General Long-Term Debt Account Group (GLTDAG).

L. Long-term Obligations

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

M. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

N. Bond Discounts/Issuance Costs

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 discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

O. Interfund Transactions

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

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

P. Memorandum Only - Total Columns

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Q. 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.

R. 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.

Note 2 - Budgets and Appropriations

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

The budget is usually divided into two parts - an operating budget and a capital budget. The operating budget addresses the immediate problems of providing services, paying personnel, travel and equipment. The capital budget addresses 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

As of September 30, 1994, the carrying amount of the county's deposits, including Cooper Green Hospital and the General Retirement System, was \$454,032,163 and the bank balance was \$459,452,929. Of the bank balance, \$600,000.00 was covered by federal depository insurance; \$458,765,739 was covered by collateral held by the pledging financial institution's trust department or agent in the institution's name and pledged to the county, and \$87,190.00 was uninsured and uncollateralized.



Investments

State statutes authorize the county to invest in obligations of the U.S. Treasury, federal agency securities and certificates of deposit. The county'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 county or its agent in the county's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the county's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counter party or its trust department or agent but not in the county's name.

	Category			Market Value
	1	2	3	
U.S. Government Securities	246,811,672			232,237,440
Repurchase Agreements	19,200,000			19,200,000
* Corporate Obligations	52,018,304			51,434,812
* Corporate Stocks	127,027,550			145,357,170
Other	13,251,423			13,251,423
Total Investments	458,308,949			461,480,845

Declines in market values of U.S. Government Securities were considered to be temporary. U.S. Government securities mature at par value, which exceeds cost, if held to maturity.

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

Note 4 - Due From Other Governments

Amounts due from other governments are as follows:

Federal	\$ 1,276,152
State	439,805
Municipal	2,191,324
County	<u>10,820,640</u>
	\$14,727,921

Note 5 - Receivables

Account 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, 1994, are listed as follows:

	Governmental Fund Types		Proprietary Fund Types		Grand Total
	General	Special Revenue	Enterprise	Internal Service	
Accounts Receivable	56,005	1,254	5,677,455	30,451	5,765,165
Allowance Account			(3,683,637)		(3,683,637)
Net Accounts Receivable	<u>56,005</u>	<u>1,254</u>	<u>1,993,818</u>	<u>30,451</u>	<u>2,081,528</u>

Patient Receivables

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.

Enterprise Funds

Patient Receivables	10,680,162
Allowance Account	( 4,548,370)
	-----
Net Patient Receivables	6,131,792

Loan Receivables

Jefferson County issues long-term loans through the Community Development Office for (1) house repairs of low and moderate income homeowners and (2) for firms that may not have access to sufficient long-term capital financing. These loans (net an allowance account) totaled \$4,691,427 at September 30, 1994.

Note 6 - Changes in Fixed Assets

Adjustments were made to correct errors that occurred while recording prior year fixed asset adjustments in the Equipment Acquisition Fund. These corrections are noted as "adjustments to prior year" in the Proprietary Fund sections.

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

	Balance 10/1/93	Additions	Reductions	Balance 9/30/94
Land	\$ 6,793,421	\$ 1,455,726	\$ (31,098)	\$ 8,218,049
Buildings	173,299,852	59,210	(358,962)	173,000,100
Improvements Other Than Buildings	2,750,936	3,116,267	(2,374,861)	3,492,342
Equipment and Furniture	45,590,408	20,777,088	(5,667,196)	60,700,300
Construction in Progress	15,857,441	9,953,352	(8,971,898)	15,838,895
<b>Total</b>	<b>\$244,292,058</b>	<b>\$34,361,643</b>	<b>\$(17,404,015)</b>	<b>\$261,249,686</b>

The Proprietary Fund's fixed assets at September 30, 1994 are summarized below:

	<u>Enterprise Funds</u>		
	Balance 10/1/93	Additions	Reductions 9/30/94
Land	\$ 2,456,563	\$	\$ 2,456,563
Buildings	198,153,734		198,153,734
Improvements Other Than Buildings	195,625,977		195,625,977
Equipment and Furniture	21,489,959	1,276,638	(509,100)
Construction in Progress	39,427,521	45,311,087	(2,779,733)
	\$457,153,754	\$46,587,725	\$ (3,288,833)
Accumulated Depreciation	(160,778,469)	(18,991,859)	329,002
Net Assets	\$296,375,285	\$27,595,866	\$ (2,959,831)
			\$321,011,320

Internal Service Funds

	Balance 10/1/93	Adjustments to Prior Year	Adjusted Prior Year	Additions	Reductions	Balance 9/30/94
Improvements Other Than Buildings	\$ 89,653		\$ 89,653	\$ 3,890	\$ (28,230)	\$ 65,313
Equipment and Furniture	17,364,057	\$ 952,945	18,317,002	1,445,290	(13,660,931)	6,101,361
Construction in Progress	26,712		26,712		(26,712)	0
Accumulated Depreciation	\$17,480,422	\$ 952,945	\$18,433,367	\$1,449,180	\$(13,715,873)	\$ 6,166,674
	(6,219,158)		(6,219,158)	(503,555)	3,614,485	(3,108,228)
Net Assets	\$11,261,264	\$ 952,945	\$12,214,209	\$ 945,625	\$(10,101,388)	\$ 3,058,446

Assets of the Equipment Acquisition Fund were transferred into the General Fixed Asset Account Group as of September 30, 1994.

Note 7 - Operating Leases

The Jefferson County Commission has entered into lease agreements for facilities and equipment. The leases are considered for accounting purposes to be operating leases. Rent expense for fiscal year 1994 was \$822,794.

Note 8 - Capital Leases

The county acquired the equipment listed below through lease-purchase agreements:

Equipment	Payment Amount	Lease Dates
Copier	\$12.47/monthly	6/18/90 - 6/18/95

Following is a schedule by years of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of September 30, 1994:

September 30 1995	Internal Service Funds
Total Minimum Lease Payments	6,502
Less Amounts Representing Interest	179
Present Value of the Net Minimum Lease Payments	6,323

Note 9 - Leveraged Leases

The county issued \$10,000,000 in Special Obligation School Warrants, Series 1992 to acquire certain public school facilities. The facilities were leased to the Board of Education in a leveraged lease agreement (from September 1, 1992 through October 1, 2002) which provides for rental payments at times and in amounts sufficient to pay debt service when due on the warrants.

The Board of Education of Jefferson County will enter into a credit agreement with the bank to provide, among other things, reimbursement to the bank by the Board of amounts paid by the bank for debt service of the warrants. Pursuant to the credit agreement, the Board will pledge and assign certain ad valorem tax proceeds as security for the Board's obligation under the credit agreement.

The warrants are limited obligations of Jefferson County payable solely out of (1) payments by the Board pursuant to the lease agreement (2) any other revenues, rentals or receipts derived by the issuer from the leasing or sale of the project and (3) money received by the bank from a draw on the letter of credit.

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

Note 10 - 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.

For the Fiscal Year Ended September 30, 1994

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

Note 11 - Contingent Liabilities

Under the provisions of Act 79-357, Acts of Alabama, a sheriff is eligible to become a supernumerary sheriff upon retirement after sixteen (16) years of service credit as a law enforcement officer, twelve (12) of which have been as a sheriff, and who has attained the age of fifty-five (55) years. The Jefferson County Sheriff, who has elected to participate in this retirement plan, makes monthly contributions out of his salary as required by law. The County has a responsibility to properly manage these funds in order to provide the necessary monthly payments to the sheriff when he retires. Should the sheriff decide to withdraw from the plan for whatever reason, the County is obligated to refund the sheriff's total contribution which at September 30, 1994, amounted to \$60,900.

Note 12 - Arbitrage Rebate Payable

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

Because of possible changes in Treasury regulations, the current estimate of interest rebate liability may change and, accordingly, the actual rebate due the IRS may change. The arbitrage rebate payable at September 30, 1994 is estimated as follows:

1988 General Obligation Warrants                      \$20,205

Note 13 - Changes in Long-Term Debt

The following is a summary of long-term debt transactions for the Jefferson County Commission for the year ended September 30, 1994:

	General Obligation Warrants	Revenue Warrants	Arbitrage Rebate Payable	Capital Lease	Compensated Absences	Total
Debt Outstanding at October 1, 1993	\$196,730,000	\$160,595,000	\$173,904	\$100,452	\$10,494,120	\$366,093,476
Warrants Retired	(8,285,000)	( 3,935,000)				(12,220,000)
Arbitrage Rebate Payments			(153,699)			(153,699)
Arbitrage Rebate Liability Reclassified as "Current"			(20,205)			(20,205)
Lease Principal Repaid				(94,129)		(94,129)
Increase/(Decrease) in Estimated Liabilities for Compensated Absences					1,218,872	1,218,872
Debt Outstanding at September 30, 1994	\$188,445,000	\$156,660,000	\$ 0	\$ 6,323	\$11,712,994	\$356,824,315

Note 14 - 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, 1994:

Nature of Commitment	Amount
Photogrammetric Services	\$ 2,384,174
Village Creek Peak Flow and Evaluation Project	1,481,974
Cahaba Waste Water Treatment Plant Improvement- Phase I	4,102,360
Leeds Waste Water Treatment Construction Project	2,232,742



NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended September 30, 1994

Jefferson County  
Commission

Trussville Waste Water Treatment Plant Improvement	524,811
13th Avenue Sewer Construction Project	655,980
Oxmoor Sewer Project	6,154,490
Landfill Improvements	6,116,204
Mercedes Benz Project	1,490,934
Al Seier Road/Hurricane Branch Sewer Project	2,775,249
Griffin Branch/Shades Valley Sewer Project	4,310,185
Shades Valley Building Improvements Project	4,227,688
Medicaid Disproportionate Share	55,729,134
Total	\$92,185,925

Note 15 - Segment Information for Enterprise Funds

The Jefferson County Commission operates five Enterprise funds which provide medical, in patient 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, 1994, is presented below:

	Cooper Green Hospital Fund	County Home Fund	Landfill Operations Fund	Sanitary Operations Fund	Parking Deck Fund	Total Enterprise Fund
Operating Revenues	\$27,508,803	\$10,212,921	\$5,995,537	\$46,464,746	\$176,016	\$90,358,023
Depreciation and Amortization Expense	1,003,697	62,086	130,276	17,795,800		18,991,859
Operating Income or (Loss)	(29,794,938)	(4,637,023)	1,417,212	5,758,907	9,124	(27,246,718)
Operating Grants, Entitlements and Shared Revenues	4,419,644					4,419,644
Operating Transfers:						
In	29,592,997	7,008,624	98,964			36,700,585
(Out)	(201,018)			(98,964)		(299,982)
Tax Revenues				2,327,333		2,327,333
Net Income or (Loss)	1,931,146	2,371,766	1,699,119	(2,627,737)	23,840	3,398,134
Current Capital: Transfers			1,724,010			1,724,010
Property, Plant & Equipment:						
Additions	30,329	52,058	1,887,670	44,617,669		46,587,726
Deletions		2,004	946,077	2,340,754		3,288,835
Net Working Capital	2,443,579	1,309,436	12,789,741	47,341,179	201,145	64,085,080
Bonds and Other Long-Term Liabilities:						
Payable from Operating Revenues	1,334,467	423,597	224,352	158,001,047	3,388	159,986,851
Total Equity	12,447,661	1,204,671	23,037,115	192,303,089	197,757	229,190,293

Note 16 - Defined Benefit Pension Plan

A. Plan Description

The General Retirement System for Employees of Jefferson County (Retirement System) is the administrator of a single-employer, defined benefit pension plan (Plan) covering substantially all employees of Jefferson County, Alabama. The Plan was established by Act No. 497, Acts of Alabama 1965, page 717, and provides guidelines for benefits to retired and disabled employees of the County.

Plan membership is mandatory for all classified full-time Jefferson County civil service employees upon commencement of employment. At September 30, 1994, membership in the plan consisted of the following:

Current Active Members:	
Vested Members	1,277
Nonvested Members	2,256
	-----
Total Current Active Members	3,533
Retirees and Beneficiaries Currently Receiving Benefits	748
Terminated Employees Electing Deferred Benefits	15

Plan benefits are determined by various criteria including, but not limited to, age, years of service and basic average salary. Basic average salary is defined as the average salary for the highest consecutive thirty-six month period of employment, excluding overtime and longevity pay. Benefits are limited to a maximum of seventy-five percent of a member's basic average salary and vest after ten years of paid services. Upon member election, benefit payments may be received in a lump-sum distribution or in monthly payments over the remaining life of the member. Benefits may be received under the following conditions:

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

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

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

Disability Benefits - Disability benefits are available to all members regardless of age and accumulated service if injury is work-related. Members are eligible for non-service connected disability benefits if they have completed a minimum of ten years of paid service time. Work-related disability benefits are computed at sixty percent of the monthly salary the member was receiving at the time disability occurred. If the member is partially disabled, the benefit is reduced according to the percent of disability. Non work-related benefits are based on service and earnings up to the time of disability. Benefits are reduced in accordance with age if member is under sixty years old, but not below fifty percent.

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

Investments - Equity securities are presented at amortized cost, subject to adjustment for market declines that are determined to be other than temporary. Debt securities are presented at amortized cost as of the balance sheet date, with the discount and premium being amortized using the effective interest rate method, subject to adjustment for market declines determined to be other than temporary. Investment income is recognized as earned. Accrued interest purchased on the acquisition of debt securities is charged to investment income at date of acquisition. Gains and losses on sales and exchanges of securities are recognized on the transaction trade date. The Retirement System has agreements with various investment advisors who have authority to purchase and sell securities. The securities are held by various banks which serve as custodians. Federal insurance coverage is provided to each participant to the maximum amount allowed by law.

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

C. Funding Status and Progress

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

The pension benefit obligation at September 30, 1994 was determined based on the actuarial valuation at those dates. It was calculated on a projected benefit method, using a rate of return of 7% and taking into account projected salary increases.

For the Fiscal Year Ended September 30, 1994

At September 30, 1994, the assets in excess of pension benefit obligation were \$80.1 million, as follows:

	(In Millions) 1994
Pension Benefit Obligation:	
Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Not Yet Receiving Benefits	\$69.1
Current Employees:	
Accumulated Employee Contributions	39.1
Other Vested Benefits	41.5
Nonvested Benefits	85.8
Total Pension Benefit Obligation	235.5
Net Assets Available for Benefits, Actuarial Value (Market Value of \$326 for 1994)	315.6
Assets in Excess of Pension Benefit Obligation	80.1

D. Historical Trend Information

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

Fiscal Year Ended September 30	(1) Net Assets Available for Benefits*	(2) Pension Benefit Obligation	(3) Percentage Funded (1)/(2)	(4) Assets in Excess of		(5) Annual Covered Payroll	(6) Assets in Excess of Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
				Pension Benefit Obligation	Pension Benefit Obligation (1) - (2)		
1987	\$138.3	\$105.1	132.0%	\$33.2	\$52.0	64.0%	
1988	158.3	123.6	128.0	34.7	62.6	55.0	
1989	182.9	136.7	134.0	46.2	68.3	68.0	
1990	205.3	161.7	129.0	43.6	77.7	56.0	
1991	224.2	178.8	125.0	45.4	82.1	55.0	
1992	257.3	201.2	128.0	56.1	86.8	65.0	
1993	287.6	219.0	131.0	68.6	87.9	78.0	
1994	315.6	235.5	134.0	80.1	93.9	85.0	

\*actuarial value

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the Plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the retirement system.

Revenues by Source and Expenses by Type

Fiscal Year Ended September 30	Revenues by Source				Total
	Employee Contributions	Employer Contributions	Investment Income	Other Income	
1984	2,861,888	2,862,636	9,418,302	213,066	15,355,892
1985	2,996,455	2,995,973	11,726,254	232,818	17,951,500
1986	3,021,412	3,021,412	20,314,957	217,278	26,575,059
1987	3,113,172	3,112,746	25,232,552	218,709	31,677,179
1988	3,505,451	3,505,308	15,123,782	259,910	22,394,451
1989	3,841,155	3,840,652	16,285,363	230,061	24,197,231
1990	4,268,801	4,268,635	19,994,864	248,756	28,781,056
1991	4,703,747	4,715,854	19,200,274	240,844	28,860,719
1992	5,049,077	5,056,227	19,197,401	266,112	29,568,817
1993	5,123,620	5,124,831	25,543,653	252,243	36,044,347
1994	5,677,829	5,678,149	24,743,412	285,811	36,385,201

Fiscal Year Ended September 30	Expenses by Type			Total
	Benefits	Administrative Expenses	Refunds	
1984	1,676,772	141,578	911,880	2,863,531
1985	1,945,363	197,759	1,067,883	3,349,731
1986	2,221,384	232,967	1,241,255	3,877,665
1987	2,696,180	112,678	984,871	4,001,002
1988	3,275,373	95,830	962,290	4,510,790
1989	3,668,923	171,643	847,038	4,861,601
1990	4,165,645	131,053	763,882	5,183,773
1991	4,648,489	184,063	916,521	5,917,605
1992	5,041,827	111,766	916,470	6,262,041
1993	5,988,078	179,490	1,108,269	7,450,285
1994	6,762,754	137,386	1,277,747	8,284,407

For the Fiscal Year Ended September 30, 1994

Note 17 - Litigation

During the fiscal year ended September 30, 1993, the Alabama Legislature passed a law (Act #93-927) which affects the Retirement System. The Act changes the pension benefit formula, authorizes classified employees to convert unpaid time to paid time, and allows members who withdraw from the system to rejoin on very favorable terms.

On October 4, 1994, the trial court rendered final judgement in favor of the Retirement System declaring Act No. 93-927 unconstitutional and enjoining the Retirement System from implementing the Act.

Several former members of the Retirement System have appealed the trial court's final judgement to the Alabama Supreme Court. The appeal process is likely to take nine to twelve months. The attorney for the Board of the Retirement System feels the Supreme Court will affirm the lower court judgement.

Note 18 - Related Parties

A Jefferson County Commission employee was both Director of the Jefferson County Commission's Office of Senior Citizens' Activities (OSCA) and a member of the Board of Directors of independent, nonprofit organizations that contracted with OSCA. This director resigned from the nonprofit organizations in July, 1994.

Note 19 - Deferred Compensation

The County offers all employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer Federal income taxation on a portion of their compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County (without being restricted to the provisions of benefits under the plan), subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant. The plan assets and liabilities are accounted for in the Deferred Compensation Fund and reported as an Agency Fund.



Note 20 - Other Postemployment Benefits (OPEB)

In addition to the pension benefits described in Note 16, the County provides post employment health care benefits, in accordance with a resolution approved by the Commission on September 25, 1990, to employees who meet the following eligibility requirements. Employees must: (1) have been covered by the County group health care plan at the time of retirement, (2) immediately upon retirement begin receiving a retirement pension under the rules and regulations of the 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 county 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 County the semi-annual premium for the retiree contributions.

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

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

Currently 190 retirees meet eligibility requirements. The County subsidizes a portion of the retirees health care insurance premiums based on the total years of County service and age at retirement. The County's subsidy for each covered retired employee ranges from \$9 to \$388 per month and total insurance premiums range from \$154 to \$456. Expenditures for postretirement health care benefits are made and recognized as premiums are paid. During the year, expenditures of \$276,764 were recognized for postretirement health benefits.

Note 21 - Restatements

Fund balances/retained earnings were restated in the funds listed below:

Fund	Amount	
Internal Service Funds:	1,788,107	Unrecorded accrual for September 1993 Personnel Board billing.
	952,945	Errors in recording prior year fixed asset adjustments in Equipment Acquisition Fund.
Trust and Agency Funds	21,212	Remove Pension Fund. This information was duplicated in the Pension Fund and the General Retirement System Fund in the prior year.

NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended September 30, 1994

Jefferson County  
 Commission

Note 22 - Deficit Fund Balances/Retained Earnings

The following funds had deficit fund balances/retained earnings at September 30, 1994:

	Fund Balances	Retained Earnings
<u>Special Revenue Funds</u>		
Road Fund	(1,417,004)	
Community Development Fund	(206,847)	
<u>Internal Service Funds</u>		
Fleet Management Fund		(305,486)
Central Laundry Fund		(85,407)
Building Services Fund		(596,137)

Note 23 - Landfill Closure and Postclosure Care

For the fiscal year ended September 30, 1994, Jefferson County accepted solid waste at two landfill sites - Turkey Creek Landfill and Mt. Olive Landfill. These landfills are currently allowed to accept solid waste under the vertical expansion concept, which the Environmental Protection Agency allowed to solid waste landfills in order to extend the time constraints necessary to meet Subtitle D requirements. Vertical expansion of these facilities operated on a "cell" basis after October 9, 1993, permits the County to perform its postclosure care functions under the five year plan. The permit to operate under vertical expansion extends to October 8, 1995.

Note 24 - Subsequent Event

On February 28, 1995, the Jefferson County Commission formed a financing team to acquire funds to expand and improve the County's sanitary sewer system. As of the date of this report, Sewer Revenue Warrants are anticipated to be issued by the Commission within six months with a maximum principal amount of \$150,000,000.

**SUPPLEMENTAL INFORMATION**

COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS  
September 30, 1994

Exhibit #6

	Indigent Care Fund	Road Fund	Senior Citizens' Activities Fund	Bridge and Public Building Fund	Community Development Fund
<b>ASSETS</b>					
Cash and Investments	\$ 4,463,928	\$ 150	\$	\$	\$
Accounts Receivable, Net		1,254			310,427
Loans Receivable, Net					12,464
Interest Receivable					
Due From Other Funds	2,525,894	740,982	759,403	165,279	380,321
Due From Other Governmental Units		1,575,054			
Inventories	562,500		149		
Prepaid Expenses					
<b>TOTAL ASSETS</b>	<b>\$ 7,552,322</b>	<b>\$ 2,317,440</b>	<b>\$ 759,552</b>	<b>\$ 165,279</b>	<b>\$ 703,212</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Cash Deficit	\$ 187,500	\$ 3,149,418	\$ 520,366	\$	\$ 727,864
Accounts Payable		529,177	169,722		152,661
Accrued Payroll and Taxes			16,636		29,534
Due to Other Funds					
Deferred Revenues					
Accrued Vacation and Sick Leave		55,849			
<b>TOTAL LIABILITIES</b>	<b>187,500</b>	<b>3,734,444</b>	<b>706,724</b>		<b>910,059</b>
<b>FUND EQUITY</b>					
Fund Balance:					
Reserved for:					
Encumbrances	6,187,500	1,891,666	289,069		1,449,432
Inventories		1,575,054	50		
Petty Cash		150			
Loans Receivable	1,177,322	(4,883,874)	(236,291)	165,279	310,427
Undesignated	7,364,822	(1,417,004)	52,828	165,279	(1,966,706)
<b>TOTAL FUND EQUITY</b>	<b>7,552,322</b>	<b>(1,417,004)</b>	<b>52,828</b>	<b>165,279</b>	<b>(206,847)</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 7,552,322</b>	<b>\$ 2,317,440</b>	<b>\$ 759,552</b>	<b>\$ 165,279</b>	<b>\$ 703,212</b>

COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS  
September 30, 1994

	CDRG-EDA		Emergency Management Fund		Totals	
	Revolving Loan Fund	Home Grant Fund		Current Year	Prior Year	
<b>ASSETS</b>						
Cash and Investments	\$ 1,539,351	\$	\$ 106,191	\$ 6,109,620	\$ 853,089	
Accounts Receivable, Net				1,254	22,960	
Loans Receivable, Net	4,081,000			4,391,427	4,368,196	
Interest Receivable				12,464	12,735	
Due From Other Funds		793,782	392	5,366,053	4,687,251	
Due From Other Governmental Units				1,575,054	1,315,520	
Inventories	12,000			574,649		
Prepaid Expenses						
<b>TOTAL ASSETS</b>	\$ 5,632,351	\$ 793,782	\$ 106,583	\$ 18,030,521	\$ 11,289,748	
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES</b>						
Cash Deficit	\$	674,203	\$	1,922,433	\$ 4,906,382	
Accounts Payable		87,464	8,782	3,755,547	4,231,561	
Accrued Payroll and Taxes		1,262	5,382	581,991		
Due to Other Funds					29,997	
Deferred Revenues				55,849	38,816	
Accrued Vacation and Sick Leave					261,620	
<b>TOTAL LIABILITIES</b>		762,929	14,164	6,315,820	9,468,376	
<b>FUND EQUITY</b>						
Fund Balance:						
Reserved for:		915,451	5,063	10,738,181	5,052,288	
Encumbrances				1,575,054	1,315,520	
Inventories				200	200	
Petty Cash				4,391,427	4,368,196	
Loans Receivable	4,081,000	(884,598)	87,356	(4,990,161)	(8,914,832)	
Undesignated	1,551,351					
<b>TOTAL FUND EQUITY</b>	\$ 5,632,351	\$ 30,853	\$ 92,419	\$ 11,714,701	\$ 1,821,372	
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	\$ 5,632,351	\$ 793,782	\$ 106,583	\$ 18,030,521	\$ 11,289,748	

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL SPECIAL REVENUE FUNDS  
 For the Fiscal Year Ended September 30, 1994

Jefferson County  
 Commission

	Indigent Care Fund	Road Fund	Senior Citizens' Activities Fund	Bridge and Public Building Fund	Community Development Fund
<b>REVENUES</b>					
Taxes	\$ 28,804,567	\$ 7,586,590	\$ 3,274,034	\$ 16,960,525	\$ 3,532,930
Intergovernmental Revenues		7,679,867	121,305		6,040
Charges for Services	257,197	1,295,738	163,509	316,959	
Miscellaneous Revenues		417,918			
<b>TOTAL REVENUES</b>	<b>29,061,764</b>	<b>16,980,113</b>	<b>3,558,848</b>	<b>17,277,484</b>	<b>3,638,970</b>
<b>EXPENDITURES</b>					
Current:					
General Government	2,098,633		4,157,955		875,182
Public Safety					
Highways and Streets		24,717,478			2,822,747
Health and Welfare	1,489	1,727,737	14,110		539
Capital Outlay					124,200
Indirect Cost					
<b>TOTAL EXPENDITURES</b>	<b>2,100,122</b>	<b>26,445,215</b>	<b>4,172,065</b>	<b>17,277,484</b>	<b>3,822,668</b>
Excess (deficiency) of revenues over expenditures	26,961,642	(9,465,102)	(613,217)		(183,698)
<b>OTHER FINANCING SOURCES (USES)</b>					
Other Financing Sources					
Operating Transfers In	(19,581,071)	10,702,700	1,143,955	(17,189,221)	(5,000)
Operating Transfers Out			(12,161)		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(19,581,071)</b>	<b>10,702,700</b>	<b>1,131,794</b>	<b>(17,189,221)</b>	<b>(5,000)</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	7,380,571	1,237,598	518,577	88,263	(188,698)
Fund Balances at beginning of year	(15,749)	(2,654,602)	(465,749)	77,016	(18,149)
Fund Balances at end of year	\$ 7,364,822	\$ (1,417,004)	\$ 52,828	\$ 165,279	\$ (206,847)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS**  
**For the Fiscal Year Ended September 30, 1994**

	CDBG-EDA			Totals	
	Revolving Loan Fund	Home Grant Fund	Emergency Management Fund	Current Year	Prior Year
<b>REVENUES</b>					
Taxes	\$ 378,658	\$ 1,554,250	\$ 108,511	\$ 53,351,682	\$ 51,257,173
Intergovernmental Revenues	764		89,317	16,628,250	13,267,814
Charges for Services	486,945	11,594	12,813	1,513,164	666,299
Miscellaneous Revenues				1,666,935	1,560,481
<b>TOTAL REVENUES</b>	<b>866,367</b>	<b>1,565,844</b>	<b>210,641</b>	<b>73,160,031</b>	<b>66,751,767</b>
<b>EXPENDITURES</b>					
Current:					
General Government		67,520		7,199,290	15,403,464
Public Safety			238,476	238,476	
Highways and Streets				24,717,478	26,603,866
Health and Welfare	106,568	1,457,519		4,386,834	2,209,859
Capital Outlay				1,743,875	2,568,435
Indirect Cost		3,569		127,769	127,769
<b>TOTAL EXPENDITURES</b>	<b>106,568</b>	<b>1,528,608</b>	<b>238,476</b>	<b>38,413,722</b>	<b>47,013,393</b>
Excess (deficiency) of revenues over expenditures	759,799	37,236	(27,835)	34,746,309	19,738,374
<b>OTHER FINANCING SOURCES (USES)</b>					
Other Financing sources			70,846	70,846	
Operating Transfers In	5,000	(37,436)	50,493	11,902,148	10,585,856
Operating Transfers Out			(1,085)	(36,825,974)	(40,390,460)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,000</b>	<b>(37,436)</b>	<b>120,254</b>	<b>(24,852,980)</b>	<b>(29,804,604)</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	764,799	(200)	92,419	9,893,329	(10,066,230)
Fund Balances at beginning of year	4,867,552	31,053		1,821,372	11,887,602
Fund Balances at end of year	\$ 5,632,351	\$ 30,853	\$ 92,419	\$ 11,714,701	\$ 1,821,372

COMBINING BALANCE SHEET  
ALL CAPITAL PROJECTS FUNDS  
September 30, 1994

Exhibit #8

	Totals		
	Capital Improvements Fund	Road Construction Fund	Prior Year
<b>ASSETS</b>			
Cash and Investments	\$ 42,007,892	\$ 1,009,511	\$ 43,017,403
Interest Receivable	5,628,872		5,628,872
<b>TOTAL ASSETS</b>	\$ 47,636,764	\$ 1,009,511	\$ 52,960,637
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Accounts Payable	1,267,656	171,926	1,439,582
Accrued Payroll and Taxes	1,845		1,845
Retainage Payable	150,000		150,000
Arbitrage Rebate Payable	20,205	16,523	20,205
Deferred Revenues	32,649		49,172
<b>TOTAL LIABILITIES</b>	1,472,355	188,449	1,660,804
<b>FUND EQUITY</b>			
Fund Balance:			
Reserve for Encumbrances	7,442,534	1,061,429	8,503,963
Unreserved	38,721,875	(240,367)	38,481,508
<b>TOTAL FUND EQUITY</b>	46,164,409	821,062	51,449,546
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	\$ 47,636,764	\$ 1,009,511	\$ 52,960,637



COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 ALL CAPITAL PROJECTS FUNDS  
 For the Fiscal Year Ended September 30, 1994

Jefferson County  
 Commission

	Capital		Road		Totals	
	Improvements Fund	Construction Fund	Construction Fund		Current Year	Prior Year
<b>REVENUES</b>						
Intergovernmental Revenues	\$ 36,850	\$ 100,000	\$ 136,850	\$	620,966	
Charges for Services		31,244	31,244		85,187	
Miscellaneous Revenues	3,942,013	567	3,942,580		3,897,667	
<b>TOTAL REVENUES</b>	<b>3,978,863</b>	<b>131,811</b>	<b>4,110,674</b>		<b>4,603,820</b>	
<b>EXPENDITURES</b>						
Current:						
General Government	7,315,536		7,315,536		12,897,838	
Highways and Streets		4,936,747	4,936,747		5,445,760	
Sanitation	182,034		182,034		378,380	
Health and Welfare	15,639		15,639		66,401	
Culture and Recreation	2,243,495		2,243,495		724,454	
Capital Outlay	1,641,624		1,641,624		19,512,833	
<b>TOTAL EXPENDITURES</b>	<b>11,398,328</b>	<b>4,936,747</b>	<b>16,335,075</b>		<b>19,512,833</b>	
Excess (deficiency) of revenues over expenditures	(7,419,465)	(4,804,936)	(12,224,401)		(14,909,013)	
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfers In	(5,000,000)		5,000,000		5,000,000	
Operating Transfers Out					(5,000,000)	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,000,000)</b>	<b>5,000,000</b>	<b>0</b>		<b>0</b>	
Excess (deficiency) of revenues over expenditures and other sources (uses)	(12,419,465)	195,064	(12,224,401)		(14,909,013)	
Fund Balances at beginning of year	50,823,548	625,998	51,449,546		66,358,559	
Residual Equity Transfers In	7,760,326		7,760,326			
Fund Balances at end of year	46,164,409	821,062	46,985,471		51,449,546	

COMBINING BALANCE SHEET  
ALL ENTERPRISE FUNDS  
September 30, 1994

	Cooper Green Hospital Fund	County Home Fund	Landfill Operations Fund	Sanitary Operations Fund	Parking Deck Fund
<b>ASSETS</b>					
Cash and Investments	\$ 772,923	\$ 615	\$ 12,073,643	\$ 47,856,298	\$ 224,190
Accounts Receivable, net	152,972		772,725	1,067,785	336
Patient Accounts Receivable, net	4,499,999	1,631,793			
Interest Receivable		166		38,919	
Due From Other Funds				23,307	
Due From Other Governmental Units	289,735	169,436	16,541	480,010	
Inventories	731,391			4,080,744	
Prepaid Expenses				298,882,213	
Warrant Insurance Costs		310,832	10,471,726		
Fixed Assets, net	11,338,549				
<b>TOTAL ASSETS</b>	<b>\$ 17,785,569</b>	<b>\$ 2,120,842</b>	<b>\$ 23,334,635</b>	<b>\$ 352,429,276</b>	<b>\$ 224,526</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Cash Deficit	\$	\$	\$	\$	\$
Accounts Payable	3,107,181	189,381	10,934	1,237,895	22,525
Interest Payable					
Accrued Payroll and Taxes	896,260	303,193	62,234	413,245	856
Due to Other Funds					
Retainage Payable				474,000	
Accrued Vacation and Sick Leave	1,334,467	423,597	224,352	1,341,047	3,388
Bonds and Warrants Payable				156,660,000	
Capital Lease-Purchase Contracts Payable					
<b>TOTAL LIABILITIES</b>	<b>5,337,908</b>	<b>916,171</b>	<b>297,520</b>	<b>160,126,187</b>	<b>26,769</b>
<b>FUND EQUITY</b>					
Contributed Capital					160
Retained Earnings:					
Reserved for Professional Liability	769,533	519,110	9,296,175	166,930,124	
Unreserved Retained Earnings	11,678,128	685,561	13,740,940	25,372,965	197,597
<b>TOTAL FUND EQUITY</b>	<b>12,447,661</b>	<b>1,204,671</b>	<b>23,037,115</b>	<b>192,303,089</b>	<b>197,757</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 17,785,569</b>	<b>\$ 2,120,842</b>	<b>\$ 23,334,635</b>	<b>\$ 352,429,276</b>	<b>\$ 224,526</b>

	<u>Totals</u>	
	<u>Current Year</u>	<u>Prior Year</u>
<b>ASSETS</b>		
Cash and Investments	\$ 60,927,669	\$ 92,984,205
Accounts Receivable, net	1,993,818	1,293,936
Patient Accounts Receivable, net	6,131,792	5,391,608
Interest Receivable	39,085	67,987
Due From Other Funds		191,267
Due From Other Governmental Units	313,042	287,388
Inventories	1,380,837	1,442,518
Prepaid Expenses	16,541	27,257
Warrant Issuance Costs	4,080,744	4,312,909
Fixed Assets, net	321,011,320	296,375,285
<b>TOTAL ASSETS</b>	<b>\$ 395,894,848</b>	<b>\$ 402,374,360</b>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>LIABILITIES</b>		
Cash Deficit	\$	\$ 3,384,182
Accounts Payable	4,567,916	7,469,167
Interest Payable		366,213
Accrued Payroll and Taxes	1,675,788	827,486
Due to Other Funds		1,829,941
Retainage Payable	474,000	534,000
Accrued Vacation and Sick Leave	3,326,851	3,285,959
Bonds and Warrants Payable	156,660,000	160,595,000
Capital Lease-Purchase Contracts Payable		14,263
<b>TOTAL LIABILITIES</b>	<b>166,704,555</b>	<b>178,306,211</b>
<b>FUND EQUITY</b>		
Contributed Capital	\$ 176,745,569	\$ 175,021,559
Retained Earnings:		
Reserved for Professional Liability	769,533	747,595
Unreserved Retained Earnings	51,675,191	48,298,995
<b>TOTAL FUND EQUITY</b>	<b>229,190,293</b>	<b>224,068,149</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 395,894,848</b>	<b>\$ 402,374,360</b>

Jefferson County  
Commission

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
ALL ENTERPRISE FUNDS  
For the Fiscal Year Ended September 30, 1994

Exhibit #11

	Cooper Green Hospital Fund	County Home Fund	Landfill Operations Fund	Sanitary Operations Fund	Parking Deck Fund
<b>OPERATING REVENUES</b>					
Taxes				2,327,333	
Licenses and Permits				11,190	
Charges for Services		10,075,365	5,980,682	42,310,466	176,016
Miscellaneous Revenues		137,556	14,855	1,815,757	
Net Patient Revenue	23,089,159				
Medicaid Disproportionate Share	4,419,644				
Total operating revenues	27,508,803	10,212,921	5,995,537	46,464,746	176,016
<b>OPERATING EXPENSES</b>					
Salaries and Wages	21,183,875	7,575,671	1,592,716	9,811,209	20,014
Fringe Benefits	4,578,338	2,201,587	374,074	2,714,313	4,650
Provision for Bad Debts	2,546,451	130,816			
Utilities	986,035	483,077	175,957	3,061,462	26,159
Depreciation	1,003,697	62,086	130,276	17,795,800	112,717
Outside Services	1,170,141	1,692,631	205,023	3,020,482	
Services from Other Hospitals	4,840,112				
Jefferson Clinic	9,951,008				
Office Expense	994,071	135,270	34,986	211,671	663
Supplies	7,390,855	1,350,244	650,715	1,205,098	685
Other Operating Expenses	2,659,158	1,218,562	1,414,578	2,885,804	2,004
Total Operating Expenses	57,303,741	14,849,944	4,578,325	40,705,839	166,892
Operating income/(loss)	(29,794,938)	(4,637,023)	1,417,212	5,758,907	9,124
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Miscellaneous Revenues	2,263,861				8,539
Indirect Cost Recovery	(1)	(1)	(186,728)	(1,328,856)	
Indirect Cost				(25,216)	
Loss from Disposal of Fixed Assets					
Net Loss from Sale of Investments					
Interest Income	70,245	166	369,671	728,371	6,177
Interest Expense				(7,661,379)	
Total Nonoperating revenues/(expenses)	2,334,105	165	182,943	(8,287,680)	14,716
Income before operating transfers	(27,460,833)	(4,636,858)	1,600,155	(2,528,773)	23,840
Operating Transfers In	29,592,997	7,008,624	98,964	(98,964)	
Operating Transfers Out	(201,018)				
Net Income/(Loss)	1,931,146	2,371,766	1,699,119	(2,627,737)	23,840
Retained Earnings, beginning of year	10,516,515	(1,686,205)	12,041,821	28,000,702	173,757
Retained Earnings, end of year	12,447,661	665,561	13,740,940	25,372,965	197,597

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
ALL ENTERPRISE FUNDS  
For the Fiscal Year Ended September 30, 1994

	Current Year	Totals	Prior Year
<b>OPERATING REVENUES</b>			
Taxes	\$ 2,327,111		\$ 2,305,275
Licenses and Permits	11,190		8,705
Charges for Services	58,542,529		56,302,410
Miscellaneous Revenues	1,968,168		2,103,153
Net Patient Revenue	23,089,159		19,671,039
Medicaid Disproportionate Share	4,419,644		13,776,875
Total operating revenues	90,358,023		94,167,457
<b>OPERATING EXPENSES</b>			
Salaries and Wages	40,183,485		39,459,601
Fringe Benefits	9,872,962		9,868,314
Provision for Bad Debts	2,677,267		3,337,298
Utilities	4,732,690		4,404,677
Depreciation	18,991,859		21,058,011
Outside Services	6,200,994		8,115,677
Services from Other Hospitals	4,840,112		4,816,030
Jefferson Clinic	9,951,008		9,493,053
Office Expense	1,375,661		1,022,868
Supplies	10,597,597		10,774,391
Other Operating Expenses	8,180,106		4,309,886
Total Operating Expenses	117,604,741		116,659,806
Operating income/(loss)	(27,246,718)		(22,492,349)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Miscellaneous Revenues	2,263,861		2,116,971
Indirect Cost Recovery	8,539		8,539
Indirect Cost	(1,515,586)		(1,515,586)
Loss from Disposal of Fixed Assets	(25,216)		(53,753)
Net Loss from Sale of Investments			(4,635,536)
Interest Income	1,174,630		5,324,880
Interest Expense	(7,661,979)		(12,070,014)
Total Nonoperating revenues/(expenses)	(5,755,751)		(10,824,499)
Income before operating transfers	\$ (33,002,469)		\$ (33,316,848)
Operating Transfers In	36,700,585		24,594,862
Operating Transfers Out	(299,982)		(2,792,060)
Net Income/(Loss)	3,398,134		(11,513,946)
Retained Earnings, beginning of year	49,046,590		60,560,536
Retained Earnings, end of year	\$ 52,444,724		\$ 49,046,590

**COMBINING STATEMENT OF CASH FLOWS**  
**ALL ENTERPRISE FUNDS**  
**For the Fiscal Year Ended September 30, 1994**

Jefferson County  
 Commission

	Cooper Green Hospital	County Home	Landfill Operations	Sanitary Operations	Parking Deck	Current Year	Prior Year
<b>Cash Flows From Operating Activities:</b>							
Operating Income (Loss)	(29,794,938)	(4,637,023)	1,417,212	5,758,907	9,124	(27,246,718)	(22,492,349)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Depreciation	1,003,697	62,086	130,276	17,563,635		18,759,694	21,058,011
Provision for Doubtful Accounts		(166)		29,069		28,903	(67,987)
(Increase)/Decrease in Interest Receivable	84,559		(92,626)	(691,761)	(55)	(699,883)	(768,475)
(Increase)/Decrease in Accounts Receivable	(255,530)	(484,654)	(16,541)			(740,184)	(4,409,129)
(Increase)/Decrease in Prepaid Items	27,257					10,716	12,386
(Increase)/Decrease in Due From Governmental Units	(39,877)			14,223		(25,654)	290,500
Decrease in Contractual Agencies Receivable	(79,354)	51,223		89,812		61,681	878,420
(Increase)/Decrease in Inventory							(392,524)
Increase/(Decrease) in Accounts Payable	454,314	(132,594)	2,627	(3,232,748)	7,150	(2,901,251)	(1,235,151)
Increase/(Decrease) in Accrued Payroll and Taxes	68,774	303,193	62,234	413,245	856	848,302	(3,392)
(Decrease) in Retainage Payable				(60,000)		(60,000)	(289,000)
Increase/(Decrease) in Interest Payable				(366,213)		(366,213)	114,829
(Decrease) in Contracts Payable	(14,263)					(14,263)	(186,430)
Increase/(Decrease) in Compensated Absences Payable	425	(31,554)	10,716	60,978	326	40,891	111,497
(Decrease) in Arbitrage Rebate Payable				(25,216)		(25,216)	(230,006)
(Gain) on Disposal of Fixed Assets							(53,653)
(Gain) on Sale of Investment							(4,635,536)
<b>Total Adjustments</b>	<b>1,250,002</b>	<b>(232,466)</b>	<b>96,686</b>	<b>13,795,024</b>	<b>8,277</b>	<b>14,917,523</b>	<b>13,531,658</b>
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>(28,544,936)</b>	<b>(4,869,489)</b>	<b>1,513,898</b>	<b>19,553,931</b>	<b>17,401</b>	<b>(12,329,195)</b>	<b>(8,960,691)</b>

(Forward to Sheet 2)

COMBINING STATEMENT OF CASH FLOWS  
ALL ENTERPRISE FUNDS  
For the Fiscal Year Ended September 30, 1994

	Cooper Green Hospital	County Home	Landfill Operations	Sanitary Operations	Parking Deck	Current Year	Prior Year
Net Cash Provided/(Used) by Operating Activities (Forward from Sheet 1)	(28,544,936)	(4,869,489)	1,513,898	19,553,931	17,401	(12,329,195)	(8,960,691)
<u>Cash Flows From Non-Capital Financing Activities:</u>							
Operating Transfers In	29,592,997	7,008,624	98,964	(98,964)		36,700,585	24,594,962
Operating Transfers Out	(201,018)					(259,982)	(2,792,060)
Payments to Other Funds	(1,829,941)					(1,829,941)	(427,957)
Received from Other Funds				191,267		191,267	1,896,631
Increase/(Decrease) in Cash Deficit	(1,295,551)	(2,088,631)				(3,384,182)	3,312,603
Received from Auxiliary Services	2,263,860					2,263,860	2,116,872
(Indirect Cost)/Recovery	(1)	(1)	(186,728)	(1,328,856)	8,539	(1,507,047)	(1,507,047)
Net Cash Provided/(Used) by Non-Capital Financing Activities	28,530,346	4,919,992	(87,764)	(1,236,553)	8,539	32,134,560	27,194,004
<u>Cash Flows From Capital and Related Financing Activities:</u>							
Capital contributed by government			1,724,010			1,724,010	(12,070,015)
Interest Paid				(7,661,979)		(7,661,979)	(29,974,548)
Acquisition of Fixed Assets	(30,327)	(50,054)	(882,216)	(42,433,130)		(43,395,727)	(17,040,000)
Principal Payments				(3,935,000)		(3,935,000)	(1,339,983)
Warrant issuance costs				232,165		232,165	188,939
Amortisation of Warrant issuance costs							46,005,000
Proceeds from issuance of debt							(40,080,000)
Payment for Advances Refunding of Bonds							(54,310,607)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(30,327)	(50,054)	841,794	(53,797,944)		(53,036,531)	
<u>Cash Flows From Investing Activities:</u>							
Interest Received	70,245	166	369,671	728,371	6,177	1,174,630	5,324,880
Purchase of Investments	(178,192)			(21,658,569)		(21,836,761)	
Sale of Investments	156,254		444,405	52,795,987	9,038	53,405,684	13,585,215
Net Cash Provided/(Used) by Investing Activities	48,307	166	814,076	31,865,789	15,215	32,743,553	18,910,095
Net Increase/(Decrease) in Cash and Cash Equivalents	3,390	615	3,082,004	(3,614,777)	41,155	(487,613)	(17,167,199)
Cash and Cash Equivalents, October 1			8,991,639	29,147,463	183,035	38,322,137	55,489,336
Cash and Cash Equivalents, September 30	\$ 3,390	\$ 615	\$ 12,073,643	\$ 25,532,686	\$ 224,190	\$ 37,834,524	\$ 38,322,137

COMBINING BALANCE SHEET  
ALL INTERNAL SERVICE FUNDS  
September 30, 1994

Exhibit #13

	Risk Management Fund	Personnel Board Fund	Elections Fund	Information Services Fund	Fleet Management Fund
<b>ASSETS</b>					
Cash and Investments	\$ 5,481,646	\$	\$ 69,148	\$	\$ 178,724
Accounts Receivable, net	349		940		101
Due From Other Funds					
Due From Other Governmental Units		1,666,574	308,384	1,392	18,790
Inventories			4,200		540,142
Prepaid Expenses	13,092	204,503	282,697	1,314,004	624,744
Fixed Assets, net					
<b>TOTAL ASSETS</b>	\$ 5,495,087	\$ 1,871,077	\$ 665,369	\$ 1,315,596	\$ 1,362,501
<b>LIABILITIES AND FUND EQUITY</b>					
<b>LIABILITIES</b>					
Cash Deficit	\$	\$ 1,448,744	\$	\$	\$
Accounts Payable	85,825	44,959	14,510	20,362	212,032
Accrued Payroll and Taxes	12,229	66,654	7,445	72,739	91,644
Deposits Payable					
Accrued Vacation and Sick Leave	37,980	163,588	28,891	303,945	295,649
Deferred Revenues					
Arbitrage Rebate Payable		6,323			
Capital Lease-Purchase Contracts Payable					
<b>TOTAL LIABILITIES</b>	136,034	1,730,268	50,846	397,046	599,325
<b>FUND EQUITY</b>					
Contributed Capital	5,212	94,060	189,774	74,958	1,068,662
Retained Earnings:					
Unreserved	5,353,841	46,749	424,749	843,592	(305,486)
<b>TOTAL FUND EQUITY</b>	5,359,053	140,809	614,523	918,550	763,176
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	\$ 5,495,087	\$ 1,871,077	\$ 665,369	\$ 1,315,596	\$ 1,362,501





**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**ALL INTERNAL SERVICE FUNDS**  
**For the Fiscal Year Ended September 30, 1994**

	Equipment Acquisition Fund	Risk Management Fund	Personnel Board Fund	Elections Fund	Information Services Fund	Fleet Management Fund
<b>OPERATING REVENUES</b>						
Intergovernmental Revenues	\$	\$	\$	\$	\$	\$
Charges for Services	1,424,688	1,424,688	1,666,296	449,679	440,697	2,243,995
Miscellaneous Revenues	136,607	136,607				8,771
<b>Total operating revenues</b>		1,561,295	1,666,296	449,679	440,697	2,252,766
<b>OPERATING EXPENSES</b>						
Salaries and Wages	22,538	287,763	1,493,347	364,585	1,656,357	2,215,624
Fringe Benefits	1,285	2,229,128	341,163	47,139	376,342	622,521
Utilities			18,749	18,749		909,781
Depreciation		1,571	40,339	27,528	237,306	89,831
Outside Services	223,824	127,884	519,599	63,609	587,904	25,528
Office Expense		109,420	164,768	29,417	42,552	45,286
Supplies		119	603	69,167	174,752	2,872,528
Other Operating Expenses	272,826	20,075	245,838	2,252	39,482	133,368
<b>Total operating expenses</b>	520,473	2,775,960	2,806,002	622,446	3,114,695	6,914,467
<b>Operating income/(loss)</b>	(520,473)	(1,214,665)	(1,139,706)	(172,767)	(2,673,998)	(4,661,701)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Indirect Cost Recovery					1	1
Indirect Cost		(51,523)				
Interest Income	34,523	154,624			(4,133)	
Interest Expense			(842)			
Proceeds from Sales of Fixed Assets					4,696	
<b>Total Nonoperating revenues (expenses)</b>	34,523	103,101	(842)		564	1
<b>Income before operating transfers</b>	(485,950)	(1,111,564)	(1,140,548)	(172,767)	(2,673,434)	(4,661,700)
Operating Transfers In			872,170		2,105,552	2,893,988
Operating Transfers Out			(670,067)	639,894	(1,273,060)	(1,254,499)
<b>Net Income/(Loss)</b>	(485,950)	(1,111,564)	(938,445)	467,127	(1,640,942)	(3,022,211)
Retained Earnings, Beginning of Year	8,246,276	6,465,405	985,194	(42,378)	2,684,534	2,716,725
Residual Equity Transfers Out	(7,760,326)					
<b>Retained Earnings, End of Year</b>	\$	\$	\$	\$	\$	\$
		5,353,841	46,749	424,749	843,592	(305,486)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
ALL INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended September 30, 1994

	Central		Printing Fund	Building Services Fund	Totals	
	Laundry Fund				Current Year	Prior Year
<b>OPERATING REVENUES</b>						
Intergovernmental Revenues						
Charges for Services	\$ 862,923	\$ 569,894		\$ 9,710,018	\$ 2,115,975	\$ 3,950,246
Miscellaneous Revenues				99,241	15,252,215	20,880,017
Total operating revenues	862,923	569,894		9,809,259	24,619	139,758
<b>OPERATING EXPENSES</b>						
Salaries and Wages	428,129	179,107		5,423,950	12,071,400	11,697,034
Fringe Benefits	137,744	46,433		3,443,648	5,245,403	3,073,038
Utilities	107,976			1,434,270	2,471,121	2,534,054
Depreciation	24,475	16,331		66,174	503,555	961,902
Outside Services	54,733	53,500		794,576	2,451,157	2,604,749
Office Expense	1,317	9,891		21,396	424,047	1,019,344
Supplies	22,867	237,354		1,293,725	4,671,115	5,149,366
Other Operating Expenses	105,484	42,814		463,140	1,325,279	2,317,854
Total operating expenses	882,725	585,430		10,940,879	29,163,077	29,357,341
Operating income/(loss)	(19,802)	(15,536)		(1,131,620)	(11,550,268)	(4,387,320)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Indirect Cost Recovery	(126,002)					
Interest Income	9,710			581	(177,525)	(177,525)
Interest Expense					199,446	526,647
Proceeds from Sales of Fixed Assets					(4,975)	(9,520)
Total Nonoperating revenues (expenses)	(116,284)			581	4,696	
Income before operating transfers	(136,086)	(15,536)		(1,131,039)	(11,528,624)	(4,047,716)
Operating Transfers In		47,442		1,614,672	8,173,718	16,772,902
Operating Transfers Out					(3,197,626)	(872,606)
Net Income/(Loss)	(136,086)	31,906		483,633	(6,552,532)	11,852,580
Retained Earnings, Beginning of Year	50,679	67,869		(1,079,770)	20,094,534	8,241,954
Residual Equity Transfers Out					(7,760,326)	
Retained Earnings, End of Year	(85,407)	99,775		(596,137)	5,781,676	20,094,534

	Equipment Acquisition Fund	Risk Management Fund	Personnel Board Fund	Elections Fund	Information Services Fund	Fleet Management Fund	Central Laundry Fund	Printing Services Fund	Building Services Fund	Totals Current Year	Totals Prior Year
<b>Cash Flows From Operating Activities:</b>											
Operating Income (Loss)	(520,473)	(1,214,665)	(1,139,706)	(172,767)	(2,673,998)	(4,661,701)	(19,802)	(15,536)	(1,131,620)	(11,550,268)	(4,387,320)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:											
Depreciation		1,571	40,339	27,528	237,306	89,831	24,475	16,331	66,174	503,555	961,902
Receivable		(349)	122,009	(940)	200	(95)		422	(20,444)	100,803	(4,756)
(Increase)/Decrease in Accounts				(4,200)					(7,583)	(11,783)	
(Increase) in Prepaid Items											
(Increase)/Decrease in Due From Governmental Units			1,631	(307,684)	4,736	11,959	(3,382)	2,284	(76)	(290,532)	(1,692,106)
(Increase)/Decrease in Inventory						60,197	5,036	(12,489)	33,837	86,581	(89,180)
Increase/(Decrease) in Accounts Payable	(22,415)	20,531	(30,725)	(27,686)	(67,886)	(47,854)	690	(803)	(60,924)	(237,072)	(321,142)
Increase in Accrued Payroll and Taxes		12,229	66,654	7,445	72,739	91,644	18,097	7,045	219,282	495,135	
Increase/(Decrease) in Deposits Payable									3,606	3,606	(3,264)
Increase/(Decrease) in Deferred Revenue									(3,358)	(3,358)	3,358
(Decrease) in Contracts Payable			(8,908)		(70,959)					(79,867)	(324,059)
Increase/(Decrease) in Compensated Absences Payable		7,827	29,458	3,002	26,202	23,958	(204)	(5,636)	31,710	116,317	58,457
(Decrease) in Arbitrage Rebate Payable	(173,904)				4,696					(173,904)	(108,486)
Loss on Disposal of Fixed Asset										4,696	
Total Adjustments	(196,319)	41,809	220,458	(302,535)	207,034	229,640	44,712	7,154	262,224	514,177	(1,519,276)
Net Cash Provided/(Used) by Operating Activities	(716,792)	(1,172,856)	(919,248)	(475,302)	(2,466,964)	(4,432,061)	24,910	(8,382)	(869,396)	(11,036,091)	(5,906,596)
(Forward to Sheet 2)											

COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
For the Fiscal Year Ended September 30, 1994

	Equipment	Risk	Personnel	Information	Fleet	Central	Building	Totals			
	Acquisition	Management	Board	Services	Management	Laundry	Services	Current Year	Prior Year		
	Fund	Fund	Fund	Fund	Fund	Fund	Fund				
Net Cash Provided/(Used) by Operating Activities (Forward from Sheet 1)	(716,792)	(1,172,856)	(919,248)	(475,302)	(2,466,964)	(4,432,061)	24,310	(8,382)	(869,396)	(11,036,091)	(5,906,596)
Cash Flows From Non-Capital Financing Activities:											
Operating Transfers In			872,170	639,894	2,105,552	2,893,988		47,440	1,614,672	8,173,716	16,772,902
Operating Transfers Out			(670,067)	(1,273,060)	(1,254,499)					(3,197,626)	(872,606)
Payments to Other Funds											(1,207,454)
Received from Other Funds		949,106	258,348						(702,980)	1,207,454	
(Decrease) in Cash Deficit (Indirect Cost)/Recovery		(51,523)	(987,206)	1	1	(126,002)				(1,690,186)	(682,818)
										(177,523)	(177,523)
Net Cash Provided/(Used) by Non-Capital Financing Activities	897,583		(526,755)	639,894	832,493	1,639,490	(126,002)	47,440	911,692	4,315,835	13,832,501
Cash Flows From Capital and Related Financing Activities:											
Residual Equity Transfer Out	(7,760,326)									(7,760,326)	
Interest Paid			(842)		(4,133)					(4,975)	(9,520)
Acquisition of Fixed Assets			(1,899)	(161,112)	(37,287)	(6,566)	(1,800)		(42,817)	(251,481)	(2,113,429)
Net Cash Provided/(Used) by Capital and Related Financing Activities	(7,760,326)		(2,741)	(161,112)	(41,420)	(6,566)	(1,800)		(42,817)	(8,016,782)	(2,122,949)
Cash Flows From Investing Activities:											
Interest Received	34,523	154,624				9,718			581	199,446	526,647
Sale of Investments	397,617	259,279	3,093	78,933	140,219	19,608	20		898,769	7,095,544	
Net Cash Provided/(Used) by Investing Activities	432,140	413,903	3,093	78,933	140,219	29,326	20		581	1,098,215	7,622,191
Net Increase/(Decrease) in Cash and Cash Equivalents	(8,044,978)	138,630	(1,448,744)	6,573	(1,596,958)	(2,658,918)	(73,566)	39,078	60	(13,638,823)	13,425,147
Cash and Equivalents, October 1	8,044,978	5,343,016	62,575	1,597,058	2,937,542	396,723	406			18,282,398	4,857,251
Cash and Equivalents, September 30	\$	\$5,481,646	\$1,448,744	\$ 69,148	\$ 100	\$ 178,724	\$323,157	\$39,484	\$ 60	\$ 4,643,575	\$18,282,398

COMBINING BALANCE SHEET  
ALL FIDUCIARY FUND TYPES  
September 30, 1994

	Deferred Compensation Fund		General Retirement System		Totals	
					Current Year	Prior Year
<b>ASSETS</b>						
Cash and Investments	\$		\$	315,373,801	\$	287,660,036
Contributions Receivable				409,011		34,514
Property and Rights Held Under Deferred Compensation Plan		12,570,627			12,570,627	10,988,259
<b>TOTAL ASSETS</b>	\$	12,570,627	\$	315,782,812	\$	298,682,809
<b>LIABILITIES AND FUND EQUITY</b>						
<b>LIABILITIES</b>						
Accounts Payable				183,600	183,600	196,132
Obligations to Employees Under Deferred Compensation Plan		12,570,627			12,570,627	10,988,259
<b>TOTAL LIABILITIES</b>		12,570,627		183,600	12,754,227	11,184,391
<b>FUND EQUITY</b>						
Fund Balance:						
Reserve for Retirement/Disability Benefits				273,128,077	273,128,077	248,362,780
Contingent Refunds				42,471,135	42,471,135	39,135,638
<b>TOTAL FUND EQUITY</b>				315,599,212	315,599,212	287,498,418
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	\$	12,570,627	\$	315,782,812	\$	298,682,809

Jefferson County  
Commission

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
For the Fiscal Year Ended September 30, 1994

Exhibit #17

	Balance October 1, 1993	Additions	Deductions	Balance September 30, 1994
<u>Deferred Compensation Fund</u>				
<u>Assets</u>				
Property and Rights Held Under Deferred Compensation Plan	10,988,259.00	1,582,368.00		12,570,627.00
<u>Liabilities</u>				
Obligations to Employees Under Deferred Compensation Plan	10,988,259.00	1,582,368.00		12,570,627.00

SCHEDULE OF DEBT PRINCIPAL AND INTEREST REQUIREMENTS TO MATURITY  
September 30, 1994

Exhibit #18

Fiscal Year Ending September 30,	General Obligation Warrants Payable		Revenue Warrants Payable From Enterprise Fund		Capital Lease Purchase Payable From Internal Service Fund		Total Principal and Interest Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	
1995	9,890,000	7,794,693	4,000,000	7,793,077	6,323	179	29,484,272
1996	12,360,000	7,459,650	5,245,000	7,562,443			32,627,093
1997	12,510,000	7,109,137	5,450,000	7,347,809			32,416,946
1998	15,495,000	6,938,061	5,690,000	7,115,519			35,238,580
1999	16,820,000	6,276,545	5,930,000	6,865,160			35,891,705
2000	15,390,000	6,042,203	6,210,000	6,597,518			34,239,721
2001	12,220,000	4,382,350	6,490,000	6,310,230			29,402,580
2002	12,785,000	3,757,373	6,800,000	6,002,521			29,344,894
2003	13,290,000	3,249,958	7,130,000	5,673,917			29,343,875
2004	13,895,000	2,796,004	7,475,000	5,326,344			29,492,348
2005	14,140,000	2,301,042	7,990,000	4,953,059			29,384,101
2006	8,460,000	1,739,841	8,250,000	4,547,392			22,997,233
2007	15,810,000	1,500,455	8,690,000	4,121,154			30,121,609
2008	5,815,000	814,797	9,135,000	3,669,624			19,434,421
2009	6,145,000	509,510	9,720,000	3,190,665			19,565,175
2010	3,420,000	183,825	10,265,000	2,650,492			16,519,317
2011			10,820,000	2,096,302			12,916,302
2012			11,400,000	1,511,543			12,911,543
2013			12,020,000	894,510			12,914,510
2014			3,895,000	243,101			4,138,101
2015			4,055,000	82,114			4,137,114
<b>Totals</b>	<b>188,445,000</b>	<b>62,855,444</b>	<b>156,660,000</b>	<b>94,554,494</b>	<b>6,323</b>	<b>179</b>	<b>502,521,440</b>



**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
For the Fiscal Year Ended September 30, 1994**

Jefferson County  
Commission

Federal Grantor/ Pass-Through Grantor/ Program Title	Identification Number	Assistance Period	Budget		Accrued or (Deferred) Revenue 10-1-93	Revenue Recognized	Expenditures 09-30-94	Accrued or (Deferred) Revenue 09-30-94
			Total	Federal Share				
<b>U.S. Department of Housing and Urban Development</b>								
<b>Direct Programs:</b>								
<b>Community Development Block Grants/Entitlement Grants:</b>								
	14.218	10-1-88 to 9-30-94	2,811,000.00	2,811,000.00			1,075.00	
	14.218	10-1-89 to 9-30-94	2,588,000.00	2,588,000.00			4,614.02	
	14.218	10-1-90 to 9-30-94	2,974,000.00	2,974,000.00	722,380.97	1,017,141.00	140,016.70	287,303.23
	14.218	10-1-91 to 9-30-94	3,094,000.00	3,094,000.00		2,136,781.26	1,618,734.47	
	14.218	10-1-92 to 9-30-94	3,272,000.00	3,272,000.00		200,000.00	1,389,482.07	
	14.218	10-1-93 to 9-30-94	200,000.00	200,000.00		88,582.69	200,000.00	58,582.69
	14.218	10-1-93 to 9-30-94	350,000.00	350,000.00			88,582.69	
			15,289,000.00	15,289,000.00	722,380.97	3,442,504.95	3,442,504.95	345,885.92
<b>Sub-Total Community Development Block Grants (M)</b>								
<b>Home Program:</b>								
	14.239	10-1-91 to 9-30-92	1,286,000.00	1,286,000.00	37,436.18	610,442.11	610,442.11	106,969.15
	14.239	10-1-92 to 9-30-93	863,000.00	863,000.00		545,165.24	545,165.24	250,734.24
	14.239	10-1-93 to 9-30-94	925,000.00	925,000.00		23,132.00	23,132.00	23,132.00
			3,074,000.00	3,074,000.00	37,436.18	1,178,739.35	1,178,739.35	380,835.39
<b>Sub-Total Home Program (M)</b>								
<b>Emergency Shelter Grants Program</b>								
	14.231	10-1-91 to 9-30-92	68,000.00	68,000.00	31,901.53	19,746.76	18,746.76	6,097.65
	14.231	10-1-92 to 9-30-93	46,000.00	46,000.00	754.27	44,887.73	44,887.73	12,953.60
	14.231	10-1-93 to 9-30-94	96,000.00	96,000.00		18,960.12	18,960.12	
			210,000.00	210,000.00	32,655.80	82,594.61	82,594.61	19,051.25
<b>Sub-Total Emergency Shelter Grants</b>								
<b>U.S. Department of Housing and Urban Development</b>								
<b>Passed Through Alabama Department of Economic and Community Affairs:</b>								
<b>Emergency Shelter Grants Program</b>								
	14.231	4-24-92 to 4-24-94	212,422.68	212,422.68	74,311.57	3,015.58	3,015.58	
	14.231	4-30-93 to 4-30-95	121,086.00	121,086.00	1,015.77	59,527.23	59,527.23	15,383.77
	14.231	5-2-94 to 5-2-96	241,820.00	241,820.00		15,383.77	15,383.77	
			575,328.68	575,328.68	75,327.34	77,926.58	77,926.58	15,383.77
<b>Sub-Total Emergency Shelter Grants</b>								
<b>Total Department of Housing and Urban Development</b>								
			19,148,328.68	18,860,664.34	867,900.29	4,781,765.49	4,781,765.49	761,156.33
			19,148,328.68	18,860,664.34	867,900.29	4,781,765.49	4,781,765.49	761,156.33
<b>Sub-Total to Sheet #2</b>								

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
For the Fiscal Year Ended September 30, 1994

Jefferson County  
Commission

Federal Grantor/ Pass-Through Grantor/ Program Title	Identification Number	Assistance Period	Budget		Accrued or (Deferred) Revenue 10-1-93	Revenue Recognized	Expenditures 09-30-94	
			Total	Federal Share				
Sub-Total From Sheet #1			19,148,328.68	18,860,664.34	867,800.29	4,781,765.49	4,781,765.49	761,156.33
<b>U.S. Department of Agriculture</b>								
<b>Passed Through State Department of Education:</b>								
Food Distribution Program	10.550	10-1-93 to 9-30-94	30,238.07	30,238.07		30,238.07	30,238.07	
School Breakfast Program	10.553	10-1-93 to 9-30-94	29,480.90	29,480.90		29,480.90	29,480.90	
National School Lunch Program	10.555	10-1-93 to 9-30-94	52,897.29	52,897.29		52,897.29	52,897.29	
<b>Passed Through Alabama Commission</b>								
On Aging								
Commodity Supplemental Food Program	10.570	10-1-93 to 9-30-94	245,399.81	245,399.81	19,129.65	245,399.81	245,399.81	16,196.45
<b>Total Department of Agriculture</b>								
			358,016.07	358,016.07	19,129.65	358,016.07	358,016.07	16,196.45
<b>U.S. Department of Health and Human Services</b>								
<b>Passed Through Alabama Commission</b>								
On Aging (03-01-03-03a)								
Title III, Part B-Administration	93.044	10-1-93 to 9-30-94	170,142.00	127,606.40	21,475.03	93,950.46	93,950.46	34,365.79
Title III, Part B-Services	93.044	10-1-93 to 9-30-94	797,492.00	719,684.36	132,752.45	565,812.05	565,812.05	226,849.40
<b>Sub-Total Title III, Part B (M)</b>								
			967,634.00	847,290.76	154,227.48	659,762.51	659,762.51	261,215.19
Title III, Part C1-Nutrition	93.045	10-1-93 to 9-30-94	1,153,299.00	1,020,177.79	3,127.47	635,092.23	635,092.23	106,316.99
Title III, Part C2-Nutrition	93.045	10-1-93 to 9-30-94	589,506.00	336,675.43		181,815.04	181,815.04	74,891.54
<b>Sub-Total Title III, Part C (M)</b>								
			1,742,805.00	1,356,853.22	3,127.47	816,907.27	816,907.27	181,208.53
Title III, Part D-In Home Services	93.046	10-1-93 to 9-30-94	26,622.00	23,960.00	2,473.50	11,747.00	11,747.00	7,569.25
Title III, Part G-Prevention of Elder Abuse, Neglect and Exploitation	93.041	10-1-93 to 9-30-94	24,770.00	22,259.00	(437.28)	8,062.72	8,062.72	1,912.50
Title III, Part F-Preventive Health Services	93.043	10-1-93 to 9-30-94	113,990.00	102,589.00	(3,860.00)	50,235.89	50,235.89	13,821.90
<b>Health Care Financing Research, Demonstrations and Evaluation</b>								
Title VII, Ombudsman Services	93.042	10-1-93 to 9-30-94	20,338.00	8,498.00	0.00	8,025.89	8,025.89	5,350.28
<b>Other Assistance:</b>								
Title VII, Outreach Counseling		10-1-93 to 9-30-94	2,400.00	2,400.00	0.00	2,400.00	2,400.00	2,400.00
<b>Passed Through State Department of Education:</b>								
Social Security - Disability Insurance	93.802	10-1-93 to 9-30-94	100.00	100.00		100.00	100.00	
<b>Total Department of Health and Human Services</b>								
			2,908,724.50	2,374,015.48	155,531.17	1,567,306.78	1,567,306.78	483,543.15
<b>Sub-Total to Sheet #3</b>								
			22,415,069.25	21,592,695.89	1,042,461.11	6,707,088.34	6,707,088.34	1,260,895.93

Federal Grantor/ Pass-Through Grantor/ Program Title	Identification Number	Assistance Period	Budget		Accrued or (Deferred) Revenue 10-1-93	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 09-30-94
			Total	Federal Share				
Sub-Total from Sheet #2			22,415,069.25	21,592,695.89	1,042,461.11	6,707,088.34	6,707,088.34	1,260,895.93
<b>U.S. Department of Commerce</b>								
<b>Economic Development-Technical Assistance:</b>								
(04-39-03391.01)	11.303	10-1-92 to 9-30-93	329,177.24	164,588.62		13,337.52	13,337.52	
(04-39-03391.02)	11.303	10-1-93 to 9-30-94	240,000.00	120,000.00		44,005.94	44,005.94	
Total Department of Commerce			569,177.24	284,588.62	0.00	57,343.46	57,343.46	0.00
<b>U.S. Department of Labor</b>								
<b>Senior Community Service Employment Program:</b>								
(D-3797-2-00-81-55)	17.235	7-1-92 to 6-30-93	381,369.00	327,067.00	2,608.00			
(D-4231-3-00-81-55)	17.235	7-1-93 to 6-30-94	422,935.00	388,250.00	(157.00)	305,162.00	305,162.00	
(D-4549-4-00-81-55)	17.235	7-1-94 to 6-30-95	438,474.00	381,779.00		101,196.00	101,196.00	
Total Department of Labor (M)			1,242,778.00	1,077,096.00	2,451.00	406,358.00	406,358.00	0.00
<b>U.S. Department of Transportation</b>								
<b>Passed Through State Department of Transportation:</b>								
Public Transportation for Nonurbanized Areas (RPT-37(12))	20.509	10-1-93 to 9-30-94	148,000.00	60,000.00	24,271.00	60,000.00	60,000.00	14,756.00
Total Department of Transportation			148,000.00	60,000.00	24,271.00	60,000.00	60,000.00	14,756.00
<b>Federal Emergency Management Agency</b>								
<b>Passed Through State Emergency Management Agency:</b>								
State and Local Emergency Management Assistance	83.503	10-1-93 to 9-30-94	44,411.00	44,411.00		44,411.00	44,411.00	
Total Emergency Management Agency			44,411.00	44,411.00	0.00	44,411.00	44,411.00	0.00
<b>U.S. Department of Justice</b>								
<b>Passed Through Alabama Department of Economic and Community Affairs:</b>								
Drug Control and System Improvement Formula Grant (DB-93-03-0001)	16.579	7-01-93 to 6-30-94	154,399.00	115,799.00		103,190.66	103,190.66	
Total Department of Justice			154,399.00	115,799.00	0.00	103,190.66	103,190.66	0.00
Sub-Total to Sheet #4			24,573,834.49	23,174,590.51	1,069,183.11	7,378,391.46	7,378,391.46	1,275,651.93

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
For the Fiscal Year Ended September 30, 1994

Jefferson County  
Commission

Federal Grantor/ Pass-Through Grantor/ Program Title	Identification Number	Assistance Period	Budget		Accrued or (Deferred) Revenue 10-1-93	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 09-30-94
			Total	Federal Share				
Sub-Total from Sheet #3			24,573,834.49	23,174,590.51	1,069,183.11	7,378,391.46	7,378,391.46	1,275,651.93
U.S. Department of Energy Passed Through Alabama Department of Economic and Community Affairs: Energy Conservation for Institutional Buildings (LEX-ICPECH87-108)	81.052	10-1-86 to 1-31-94	243,808.00	100,000.00		8,351.25	8,351.25	0.00
Total Department of Energy			243,808.00	100,000.00	0.00	8,351.25	8,351.25	0.00
Total Federal Financial Assistance			24,817,642.49	23,274,590.51	1,069,183.11	7,386,742.71	7,386,742.71	1,275,651.93

(M) = Major Program

Jefferson County  
Commission

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
ADECA CONTRACT NUMBER ESG-012-92  
For the Fiscal Year Ended September 30, 1994

Exhibit #20

	Total Budget		Current Year Activity		Prior Year Activity		Cumulative Totals	
	Grant Funds	Local Match	Grant Funds	Local Match	Grant Funds	Local Match	Actual	Favorable (Unfavorable)
Revenues								
Federal Funds								
Received from ADECA	106,211.34		3,015.58		103,195.76		106,211.34	106,211.34
Local Contribution		106,211.34		3,015.58		103,195.76	106,211.34	106,211.34
Totals	106,211.34	106,211.34	3,015.58	3,015.58	103,195.76	103,195.76	212,422.68	212,422.68
Expenditures By								
Budget Cost Category								
Emergency Shelter								
Homeless Assistance								
Totals	106,211.34	106,211.34	3,015.58	3,015.58	103,195.76	103,195.76	212,422.68	212,422.68

Jefferson County  
Commission

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
ADECA CONTRACT NUMBER ESG-93-036  
For the Fiscal Year Ended September 30, 1994

Exhibit #21

	Total Budget		Current Year Activity		Prior Year Activity		Cumulative Totals	
	Grant Funds	Local Match	Grant Funds	Local Match	Grant Funds	Local Match	Actual	Budget
<b>Revenues</b>								
Federal Funds	60,543.00		59,527.23		1,015.77		60,543.00	60,543.00
Received from ADECA		60,543.00		59,527.23		1,015.77	60,543.00	60,543.00
Local Contribution	60,543.00		59,527.23		1,015.77		121,086.00	121,086.00
Totals	60,543.00	60,543.00	59,527.23	59,527.23	1,015.77	1,015.77	121,086.00	121,086.00
<b>Expenditures By</b>								
Budget Cost Category								
Emergency Shelter	60,543.00		59,527.23		1,015.77		121,086.00	121,086.00
Homeless Assistance	60,543.00		59,527.23		1,015.77		121,086.00	121,086.00
Totals	60,543.00	60,543.00	59,527.23	59,527.23	1,015.77	1,015.77	121,086.00	121,086.00

Jefferson County  
Commission

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
ADECA CONTRACT NUMBER ESG-94-036  
For the Fiscal Year Ended September 30, 1994

Exhibit #22

	Total Budget		Current Year Activity			Cumulative Totals	
	Grant Funds	Local Match	Grant Funds	Local Match	Actual	Budget	Favorable (Unfavorable)
<u>Revenues</u>							
Federal Funds							
Received from ADECA	120,910.00	120,910.00	15,383.77	15,383.77	15,383.77	120,910.10	(105,526.33)
Local Contribution	120,910.00	120,910.00	15,383.77	15,383.77	30,767.54	241,820.20	(211,052.66)
Totals	241,820.00	241,820.00	30,767.54	30,767.54	46,151.31	462,730.30	(416,578.99)
<u>Expenditures By Budget Cost Category</u>							
Emergency Shelter	120,910.00	120,910.00	15,383.77	15,383.77	30,767.54	241,820.20	211,052.66
Homeless Assistance	120,910.00	120,910.00	15,383.77	15,383.77	30,767.54	241,820.20	211,052.66
Totals	241,820.00	241,820.00	30,767.54	30,767.54	61,535.08	483,640.40	(422,105.32)



SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
ADECA CONTRACT NUMBER DB-93-03-0001  
For the Fiscal Year Ended September 30, 1994

	Total Budget		Current Year Activity			Cumulative Totals		Favorable (Unfavorable)
	Grant Funds	Local Match	Grant Funds	Local Match	Actual	Budget		
<b>Revenue</b>								
Federal Funds								
Received from ADECA	115,799.00		103,190.66	34,396.90	103,190.66	115,799.00	(12,608.34)	
Local Contribution		38,600.00			34,396.90	38,600.00	(4,203.10)	
Totals	115,799.00	38,600.00	103,190.66	34,396.90	137,587.56	154,399.00	(16,811.44)	
<b>Expenditures By</b>								
Budget Cost Category								
Contractual Services	110,127.00	36,710.00	97,544.06	32,514.70	130,058.76	146,837.00	16,778.24	
Equipment	5,672.00	1,890.00	5,646.60	1,882.20	7,528.80	7,562.00	33.20	
Totals	115,799.00	38,600.00	103,190.66	34,396.90	137,587.56	154,399.00	16,811.44	

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
ADECA CONTRACT NUMBER 1EX-ICPECM87-108  
For the Fiscal Year Ended September 30, 1994

	Total Budget		Current Year Activity			Cumulative Totals	
	Grant Funds	Local Match	Grant Funds	Local Match	Actual	Budget	Favorable (Unfavorable)
<u>Revenues</u>							
Federal Funds							
Received from ADECA	100,000.00		8,351.25	12,009.75	8,351.25	100,000.00	(91,648.75)
Local Contribution		143,808.00			12,009.75	143,808.00	(131,798.25)
Totals	100,000.00	143,808.00	8,351.25	12,009.75	20,361.00	243,808.00	(223,447.00)
<u>Expenditures By</u>							
Budget Cost Category							
Energy Conservation Measures	100,000.00	143,808.00	8,351.25	12,009.75	20,361.00	243,808.00	223,447.00
Totals	100,000.00	143,808.00	8,351.25	12,009.75	20,361.00	243,808.00	223,447.00

**ADDITIONAL INFORMATION**

Jefferson County  
Commission

MEMBERS OF THE COUNTY COMMISSION AND OFFICIALS  
October 1, 1993 through September 30, 1994

Exhibit #25

<u>Commission Members</u>	<u>Term Expires</u>
Hon. Mary M. Buckelew	1999
Hon. Gary White	1999
Hon. Jeff Germany	1999
Hon. Chris McNair	1999
Hon. Jim Gunter	1995
Officials	
Mr. Steve Saylor	Room 211, Courthouse Birmingham, AL 35263
Ms. Laura Kelly	Room 204, Courthouse Birmingham, AL 35263
Mr. Randy Wolfe	Room 200, Courthouse Birmingham, AL 35263
	Room 218, Courthouse Birmingham, AL 35263
	1024 25th Ave. N.E. Birmingham, AL 35214
	Room 3, Courthouse Birmingham, AL 35263
	325 Stonetown Road Stomping Ground, KY 40379
	Room 304-A, Courthouse Birmingham, AL 35263

Jefferson County  
Commission

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

Exhibit #26

We have audited the financial statements of the Jefferson County Commission as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1995.

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

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

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

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



Ronald L. Jones  
Chief Examiner

Department of Examiners of Public Accounts

March 10, 1995

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

Jefferson County  
Commission

We have audited the financial statements of the Jefferson County Commission as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1995.

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

In planning and performing our audit of the financial statements of the Jefferson County Commission for the year ended September 30, 1994, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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

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

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

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

Adequate segregation of duties does not exist for receipting cash, preparing deposits, posting of the receivable subsidiary ledger, and billings at the County Nursing Home and Environmental Services Administration-Landfill. Adequate controls did not exist over the maintenance of the accounts receivable subsidiary and follow-up of delinquent accounts in the Sewer Impact/Septic Tank Department. Procedures did not exist to assure provision for bad debt expense and allowance for uncollectible accounts were properly recorded in the Landfill and Sanitary Operations Funds. A subsidiary ledger was not retained at year end for the Sewer Billing Department accounts receivable. There was inadequate maintenance of additions, transfers, and deletions to the non-federal fixed asset inventory listing, and reconciliation of this listing to the general ledger was not performed periodically. A complete physical inventory of non-federal fixed assets had not recently been performed. Procedures were not present to assure that changes made to the Commission's software coding were properly documented for review and approval of modifications by appropriate management personnel, and tests of results after modifications were made. Reconciliation of subsidiary ledgers to control accounts was not performed timely for expenditures, encumbrances, and accounts receivable.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of procedures to be performed in our audit of the Jefferson County Commission's financial statements for the year ended September 30, 1994.

Adequate segregation of duties does not exist for receipting cash, preparing deposits, posting of the receivable subsidiary ledger, and billings at the County Nursing Home and Environmental Services Administration-Landfill. Procedures did not exist to assure provision for bad debt expense and allowance for uncollectible accounts were properly recorded in the Landfill and Sanitary Operations Funds. A subsidiary ledger was not retained at year end for the Sewer Billing Department accounts receivable. There was inadequate maintenance of additions, transfers, and deletions to the non-federal fixed asset inventory listing, and reconciliation of this listing to the general ledger was not performed periodically. A complete physical inventory of non-federal fixed assets had not recently been performed. Reconciliation of subsidiary ledgers to control accounts was not performed timely for accounts receivable.

Jefferson County  
Commission

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

Exhibit #27  
Sheet #3

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



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

March 10, 1995



We have audited the financial statements of the Jefferson County Commission (the "Commission") as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1995.

We also have audited the Commission's compliance with the requirements governing Types of Services Allowed/Unallowed; Eligibility; Matching, level of effort or earmarking; Reporting; Monitoring Subrecipients; Claims for Advances and Reimbursement; Amounts Claimed or Used for Matching; Receipt of Approval of Request for Release of Funds and Environmental Certification; Environmental Review; Participant Activities and Rate of Pay; Technical Assistance; and Participant Contributions that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended September 30, 1994. The management of the Jefferson County Commission is responsible for the Commission's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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

In our opinion, the Commission complied, in all material respects, with the requirements governing Types of Services Allowed/Unallowed; Eligibility; Matching, level of effort or earmarking; Reporting; Monitoring Subrecipients; Claims for Advances and Reimbursement; Amounts Claimed or Used for Matching; Receipt of Approval of Request for Release of Funds and Environmental Certification; Environmental Review; Participant Activities and Rate of Pay; Technical Assistance; and Participant Contributions that are applicable to each of its major federal financial assistance programs for the year ended September 30, 1994.

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

  
Ronald L. Oyes  
Chief Examiner

Department of Examiners of Public Accounts

Jefferson County  
Commission

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

Exhibit #29

We have audited the financial statements of the Jefferson County Commission as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1995.

We have applied procedures to test the Jefferson County Commission's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended September 30, 1994: Political Activity; Davis-Bacon; Civil Rights; Cash Management; Relocation Assistance and Real Property Acquisition; Federal Financial Reports; Allowable Costs/Cost Principles; Drug-Free Workplace; and Administrative Requirements.

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

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

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



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

March 10, 1995

We have audited the financial statements of the Jefferson County Commission (the "Commission") as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1995.

In connection with our audit of the financial statements of the Jefferson County Commission, and with our consideration of the Commission's control structures used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128 "Audits of State and Local Governments" we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended September 30, 1994. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing Types of Services Allowed/Unallowed and Eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Commission's compliance with these requirements. Accordingly, we do not express such an opinion.

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

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



Ronald J. Ones  
Chief Examiner

Department of Examiners of Public Accounts

March 10, 1995

We have audited the financial statements of the Jefferson County Commission (the "Commission") as of and for the year ended September 30, 1994, and have issued our report thereon dated March 10, 1995. We have also audited the Commission's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated March 10, 1995.

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

In planning and performing our audit for the year ended September 30, 1994, we considered the Commission's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Commission's financial statements and on its compliance with requirements applicable to major federal financial assistance programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated March 10, 1995.

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

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

Political Activity; Davis-Bacon; Civil Rights; Cash Management; Relocation Assistance and Real Property Acquisition; Federal Financial Reports; Allowable Costs/Cost Principles; Drug-Free Workplace; Administrative Requirements; Types of Services Allowed/Unallowed; Eligibility; Matching, Level of Effort or Earmarking; Reporting; Monitoring Subrecipients; Claims for Advancement or Reimbursements; Amounts Claimed or Used for Matching; Receipt of Approval of Request for Release of Funds and Environmental Certification; Environmental Review; Participant Activities and Rate of Pay; Technical Assistance; and Participant Contributions; Cash; Investments; Receivables; Inventories; Property, Equipment and Capital Outlay; Liabilities; Revenues/Receipts; Expenditures/Expenses; and Payroll/Personnel.

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

During the year ended September 30, 1994, the Commission expended 98 percent of its total federal financial assistance under major federal financial assistance programs.

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

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

The following reportable conditions were noted:

Adequate segregation of duties does not exist for receipting cash, preparing deposits, posting of the receivable subsidiary ledger, and billings at the County Nursing Home and Environmental Services Administration-Landfill. Adequate controls did not exist over the maintenance of the accounts receivable subsidiary and follow-up of delinquent accounts in the Sewer Impact/Septic Tank Department. Procedures did not exist to assure provision for bad debt expense and allowance for uncollectible accounts were properly recorded in the Landfill and Sanitary Operations Funds. A subsidiary ledger was not retained at year end for the Sewer Billing Department accounts receivable. Procedures were not present to assure that changes made to the Commission's software coding were properly documented for review and approval of modifications by appropriate management personnel, and tests of results after modifications were made. Reconciliation of subsidiary ledgers to control accounts was not performed timely for expenditures, encumbrances, and accounts receivable.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the Jefferson County Commission's compliance with the requirements applicable to its major federal financial assistance programs for the year ended September 30, 1994, and this report does not affect our report thereon dated March 10, 1995.

Adequate segregation of duties does not exist for receipting cash, preparing deposits, posting of the receivable subsidiary ledger, and billings at the County Nursing Home and Environmental Services Administration-Landfill. Procedures did not exist to assure provision for bad debt expense and allowance for uncollectible accounts were properly recorded in the Landfill and Sanitary Operations Funds. A subsidiary ledger was not retained at year end for the Sewer Billing Department accounts receivable. Reconciliation of subsidiary ledgers to control accounts was not performed timely for accounts receivable.

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

  
Ronald L. Schaefer  
Chief Examiner

Department of Examiners of Public Accounts

March 10, 1995

AUDITEE RESPONSE





## JEFFERSON COUNTY COMMISSION



**MARY M. BUCKELEW**

PRESIDENT

211 Courthouse, Birmingham, Alabama 35263-0071

Telephone (205) 325-5555

April 14, 1995

Mr. Ronald L. Jones  
Chief Examiner  
State of Alabama Department  
of Examiners of Public Accounts  
Gordon Persons Building  
50 North Ripley Street, Room 3201  
Montgomery, AL 36104-3833

Dear Mr. Jones:

The Jefferson County Commission wants to express our sincere gratitude to your staff and you for completing the audit for fiscal year ending September 30, 1994 in the fastest time ever in the history of your department. Although the delivery of your report will be past the reasonable time of six months after our fiscal year end, it appears our joint efforts are getting us close to our self-imposed target of three months after our fiscal year end. We look forward to audit planning meetings with you during the fiscal year rather than after the fiscal year end. We would also like to schedule your auditors to begin fieldwork before the end of the fiscal year you audit. Please let me know about your thoughts on these ideas.

In response to Mr. Doug Clark's letter of April 5, 1995, I offer the following responses to your audit findings:

The Jefferson County Commission has adopted a philosophy to supplement the cash flow for non-federal funds that operate at a deficit. The Commission does not want to communicate to department heads that general fund cash belongs to departments that have an operating deficit. The non-federal funds mentioned in Mr. Clark's letter have a positive balance in their pooled cash account as of September 30, 1994. The Commission will not give departments general fund cash until it is needed, regardless of fund balance deficits. The other fund balance deficit mentioned in your audit finding is a fund that operates mostly with federal grants. The Office of Planning and Community Development operates a finance division separate from the Finance Department. This finance division has no reporting responsibility to the Finance Department. The Community Development employees are reconciling their pooled cash account for the last several years to determine if there are any unrecorded general fund supplements due to Community Development. We hope to transfer this general fund cash during the 1995 fiscal year.

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Mr. Ronald Jones

State of Alabama Examiners of Public Accounts

April 14, 1995

The Jefferson County Commission uses the thirteenth accounting period to record accruals and your audit adjustments. We will continue this practice.

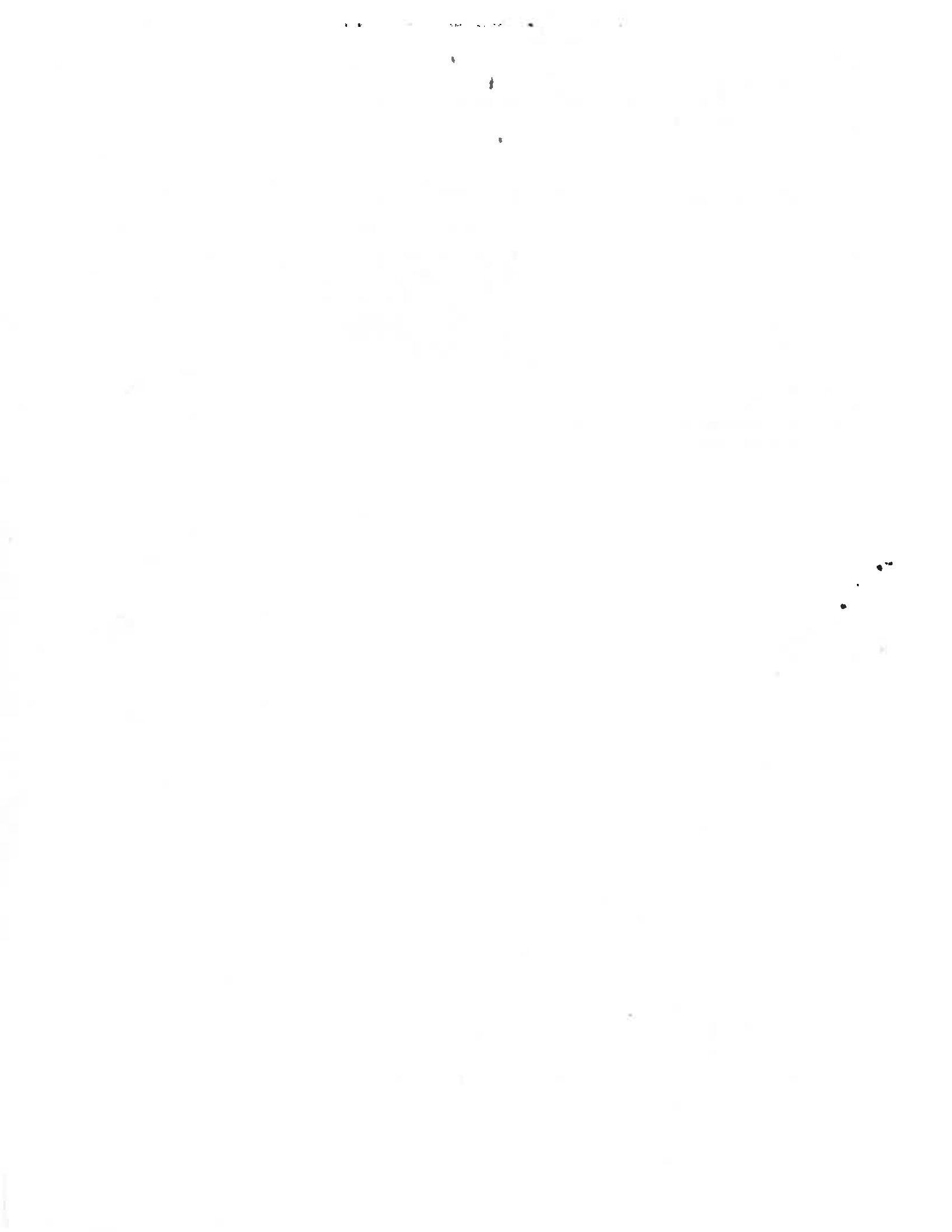
The Commission assigns the fixed asset accounting responsibility for this \$600 million dollar group of assets to one accountant. During 1994 the third new person in this position, in as many years, corrected many of the previous complications you mentioned last year. This person will continue to improve the fixed asset records.

The County's hospital maintains a large finance division separate from the Finance Department. This finance division has no reporting responsibility to the Finance Department. The hospital also has its own separate computer payroll system. The employees responsible for the payroll liability reconciliation are aware of their assigned duties. We hope the hospital employees take care of this situation during 1995.

The landfills and nursing home have finance divisions separate from the Finance Department. These finance divisions have no reporting responsibility to the Finance department. These divisions shall review their operations and shall implement changes within the budget constraints of their operations. The Commission will not add employees in these divisions as a result of your audit finding. Based on our discussions at our audit exit conference, the Commission agrees with your staff recommendation that existing employees can rotate their duties to provide compensating internal controls for cash and receivables.

The Information Services Department shall retain the magnetic tape of the year-end sewer service accounts receivable or it shall forward the magnetic tape to the Finance Department.

The Jefferson County Commission operates on a cash basis during its fiscal year. The cash basis has been in effect ever since the County began operations in 1819. At the end of each fiscal year, the Finance Department accumulates receivable information from operations throughout the County in order for the accounting records to approximate the appropriate basis of accounting. At this time the Commission feels that its method of daily cash operations is appropriate absent any compelling reasons to change all departments' procedures. Therefore, the uncollectible allowance for accounts receivable and the subsidiary accounts receivable reconciliation to the general ledger is not a major concern to the Jefferson County Commission.



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Mr. Ronald Jones

State of Alabama Examiners of Public Accounts

April 14, 1995

Please contact me with any questions you may have.

Very truly yours,

A handwritten signature in cursive script that reads "Mary M. Buckelew". The signature is written in dark ink and is positioned above the typed name.

Mary M. Buckelew  
President

MMB/ps

cc: Jefferson County Commission  
Steve Saylor