Report on the

JEFFERSON COUNTY COMMISSION

JEFFERSON COUNTY, ALABAMA

OCTOBER 1, 1995 THROUGH SEPTEMBER 30, 1996

Filed: MAR 2 8 1997

DEPARTMENT OF
EXAMINERS OF PUBLIC ACCOUNTS

50 NORTH RIPLEY STREET, ROOM 3201

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RONALD L. JONES, CHIEF EXAMINER

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Ronald L. Jones
Chief Examiner

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

Dear Sir:

Under the authority of the Code of Alabama 1975, Section 41-5-14, we submit this report on the Jefferson County Commission for the period October 1, 1995 through September 30, 1996.

SCOPE AND OBJECTIVES

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

CONTENTS OF REPORT

This report includes the following segments:

1. Report to the Chief Examiner - contains items pertaining to state legal compliance, agency operations and other matters.

2. Financial Section - includes basic financial statements (Exhibits 1 through 5); Notes to the Financial Statements; 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 and 21), 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 Commission (Exhibit 22) 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 Primary Government Financial Statements Performed in Accordance with Government Auditing Standards (Exhibit 23) - a report on whether the Commission has complied with laws and regulations which if not followed could have a material effect on the Commission's financial position and results of operations.

Report on the Internal Control Structure Based on an Audit of Primary Government Financial Statements Performed in Accordance with Government Auditing Standards (Exhibit 24) - 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 25) - a report which gives an opinion on the Commission'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 26) - 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 27) - 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 28) - a report on internal controls used to administer federal financial assistance programs.

Auditee Response (Exhibit 29) - a response by the Commission 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.

The Department of Examiners of Public Accounts is currently conducting a special investigation of certain Petty Cash transactions of the General Services Department. Results of this investigation will be contained in a separate report to be issued at a later date.

AUDIT FINDING

At September 30, 1996, the following funds had deficit fund balances:

Special Revenue Funds	
Road Fund	*$1,655,000*
Home Grant Fund	*$1,000*

STATUS OF PRIOR AUDITS

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

A complete physical inventory of non-federal fixed assets had not recently been performed.

SUMMARY OF FEDERAL COMPLIANCE AND INTERNAL CONTROL STRUCTURE

No instances of noncompliance with laws and regulations governing federal financial assistance programs were noted.

No material weaknesses were noted in the internal control structure used to administer federal financial assistance programs.

RECOMMENDATIONS

Deficit fund balances should be alleviated.

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

Respectfully submitted,

Cathy M. Cook

Cathy M. Cook
Examiner of Public Accounts

Sworn to and subscribed before me this the 10th day of March 1997

[illegible]
Notary Public

Elizabeth L. Crowson

Elizabeth L. Crowson
Examiner of Public Accounts

Sworn to and subscribed before me this the 10th day of March 1997

[illegible]
Notary Public

Randy L. Dodd

Randy L. Dodd
Examiner of Public Accounts

Sworn to and subscribed before me this the 10th day of March 1997

[illegible]
Notary Public

Yvonne D. Searcy

Yvonne D. Searcy
Examiner of Public Accounts

Sworn to and subscribed before me this the 10th day of March 1997

[illegible]
Notary Public

Bonnie G. Bear

Bonnie G. Bear
Examiner of Public Accounts

Sworn to and subscribed before me this the 7th day of March 1997

[illegible]
Notary Public

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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying primary government financial statements of Jefferson County Commission as of and for the year ended September 30, 1996, 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, 1996, 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, 1996, 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.

In accordance with Government Auditing Standards, we have also issued reports dated February 7, 1997, on our consideration of the Jefferson County Commission's internal control structure and on its compliance with laws and regulations.

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 21) 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

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

February 7, 1997

Exhibit #1

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	Current Year	Prior Year
$ 97,450	$ 7,132	$ 392,741	$	$	$ 605,712	$ 592,133
5,296	25				5,349	6,983
6,428					6,428	5,391
					5,555	4,921
					2,917	11,282
		447			447	421
1,895	2,537				17,115	15,322
1,280	1,407				4,521	4,618
49	62				174	344
4,583					4,583	4,644
467,093	9,968		262,436		739,497	649,009
		17,216			17,216	14,852
				15,637	15,637	19,570
				19,626	19,626	17,901
				138,186	138,186	148,412
$ 584,074	$ 21,131	$ 410,404	$ 262,436	$ 173,449	$ 1,582,963	$ 1,495,803
$	$ 2,205	$	$	$	$ 2,710	$ 2,769
16,376	5,822	158			34,126	17,056
1,129					3,672	3,794
4,777					4,777	4,819
332	51				2,592	6,139
					199	220
4,202					4,202	3,248
					46	65
31					35	41
						17
3,809	1,638			6,950	12,844	12,443
196	23			304	1,163	1,009
					3	22
301,415				166,195	467,610	461,215
		17,216			17,216	14,852
332,267	9,739	17,374		173,449	551,195	527,709
			262,436		262,436	253,326
	5,912				5,912	6,715
251,807	5,480				257,287	251,104
					19,257	19,093
					1,833	1,760
					19,483	17,021
					58	58
					5,555	4,921
					310	
					370	
		47,251			47,251	44,943
		345,779			345,779	301,855
					164	
					66,073	67,298
251,807	11,392	393,030	262,436		1,031,768	968,094
$ 584,074	$ 21,131	$ 410,404	$ 262,436	$ 173,449	$ 1,582,963	$ 1,495,803

Exhibit #2

Totals (Memorandum Only) Current Year	Prior Year
$ 108,131	$ 109,555
47,380	45,131
27,590	29,492
16,886	15,852
18,982	15,283
218,969	215,313
63,897	53,035
39,429	35,815
32,521	26,856
561	118
4,319	9,186
13,503	16,106
163	199
5,336	6,459
7,734	9,890
9,826	5,387
351	
177,640	163,051
41,329	52,262
45,810	51,106
(85,204)	(83,716)
1,001	453
	1,114
15	
(38,378)	(31,043)
2,951	21,219
110,152	88,933
$ 113,103	$ 110,152

Exhibit #3

Special Revenue					
Budget		Actual		Variance Favorable (Unfavorable)	
$	61,085	$	60,575	$	(510)
	7,638				(7,638)
	12,202		15,478		3,276
	330		462		132
	1,136		2,386		1,250
	82,391		78,901		(3,490)
	7,911		6,801		1,110
	359		250		109
	26,725		29,045		(2,320)
	5,570		3,555		2,015
	9		2,537		(2,528)
	4,790		351		4,439
	45,364		42,539		2,825
	37,027		36,362		(665)
	19,060		17,362		(1,698)
	(56,572)		(53,432)		3,140
			15		15
	(37,512)		(36,055)		1,457
$	(485)	$	307	$	792
	16,098		16,098		
$	15,613	$	16,405	$	792

Exhibit #3
Sheet #2

Capital Projects

Budget	Actual	Variance Favorable (Unfavorable)
$	$	$
1,564	1,269	(295)
355	869	514
10	9,251	9,241
1,929	11,389	9,460
7,831	7,816	15
3,476	3,476	
561	561	
335	335	
1,725	1,725	
12,468	2,110	10,358
26,396	16,023	10,373
(24,467)	(4,634)	19,833
5,280	5,280	
(10,017)	(10,017)	
	444	444
(4,737)	(4,293)	444
$ (29,204)	$ (8,927)	$ 20,277
42,906	42,906	
$ 13,702	$ 33,979	$ 20,277

Jefferson County Commission

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
For the Fiscal Year Ended September 30, 1996
(In Thousands)

Exhibit #5

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise Funds	Internal Service Funds	Pension Trust Fund	Current Year	Prior Year
Cash Flows From Operating Activities:					
Operating Income (Loss)	($24,096)	($13,207)	46,232	$8,929	$4,217
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	20,912	701		21,613	19,578
Provision for Doubtful Accounts	2,618			2,618	2,959
(Increase)/Decrease in Interest Receivable	248			248	(209)
(Increase)/Decrease in Accounts Receivable	630	16	(26)	620	(1,235)
(Increase) in Patients Receivable	(2,876)			(2,876)	(1,963)
(Increase)/Decrease in Prepaid Items	(28)	(1)		(29)	4
(Increase)/Decrease in Due From Governmental Units	(900)	(536)		(1,436)	(661)
(Increase)/Decrease in Inventory	254	(82)		172	(469)
Increase/(Decrease) in Accounts Payable	6,791	4,815	(55)	11,551	7,111
Increase/(Decrease) in Other Accounts Payable	(42)			(42)	3,175
Increase/(Decrease) in Accrued Payroll and Taxes	(1,567)	(450)		(2,017)	231
Increase/(Decrease) in Deposits Payable	(2)	(4)		(6)	33
(Decrease) in Retainage Payable	954			954	2,774
Increase/(Decrease) in Interest Payable	(27)			(27)	1,156
(Decrease) in Contracts Payable					(6)
Increase in Compensated Absences Payable	313	20		333	222
Increase/(Decrease) in Compensatory Leave Payable	38	5		43	
(Gain)/Loss on Disposal of Fixed Assets	1			1	
(Gain) on Sale of Investment			(27,315)	(27,315)	(12,220)
Interest paid on Refunds			205	205	196
Interest and Dividend Revenue			(18,671)	(18,671)	(17,764)
Total Adjustments	27,317	4,484	(45,862)	(14,061)	2,912
Net Cash Provided/(Used) by Operating Activities (Forward to Sheet 2)	$3,221	($8,723)	$370	($5,132)	$7,129

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

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, Revenue Commission, 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.

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, 1996, 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.

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.

Fiduciary Fund Types

Fiduciary fund types are used to account for resources held by the County in a trustee capacity or as an agent for other organizations or individuals. Assets of fiduciary fund types do not belong to the County; the County has a liability to disburse those assets to specific individuals or organizations.

Pension Trust Fund

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

Agency Funds

These funds are used to account for assets which belong to other organizations and individuals. The County collects these assets and transfers them to the proper parties. The Jefferson County Commission has one Agency Fund:

Deferred Compensation Fund - this fund is used to account for assets which belong to employees who have deferred income under provisions of Internal Revenue Code, Section 457.

ACCOUNT GROUPS

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

General Fixed Assets Account Group - This account group is used to account for all County fixed assets except those related to specific proprietary funds.

General Long-Term Debt Account Group - This account group is used to account for all unmatured long-term liabilities of the County except for the long-term liabilities of proprietary funds.

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

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special, 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.

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

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.

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 payments 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.

liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

N. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. Contributed capital shown in Proprietary Funds in prior years was closed into Retained Earnings during fiscal year 1996. This was done to correct an accounting error and Fund Equity as a whole was not restated.

O. 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.

P. 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.

Q. 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.

R. 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.

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			Carrying	Market
	1	2	3	Amount	Value
U.S. Government Securities	$376,554,222			$376,554,222	$374,867,345
Repurchase Agreements	460,000			460,000	460,000
* Corporate Obligations	62,704,032			62,704,032	62,585,850
* Corporate Stocks	149,857,228			149,857,228	188,992,046
* Other	10,772,352			10,772,352	10,772,357
Total Investments	$600,347,834			$600,347,834	$637,677,598

* Investments of General Retirement System for Employees of Jefferson County

The County has entered into contracts for construction of various facilities within Jefferson County. Amounts were provided by some contractors that were used to purchase certificates of deposits and U.S. Governments Securities to be held by designated financial institutions in the name of the contractors and the Jefferson County Commission in lieu of retainage. These securities totaling $4,201,597 are included as part of Cash and Investments on Exhibit #1, but are not included in deposits and investments discussed above. They are not covered by collateral agreements between financial institutions and the Jefferson County Commission and the terms of collateralization agreements between the contractors and the financial institutions are not known at this time.

The County has entered into contracts for the sale of hospital beds to various health care facilities. The purchase price of these beds has been paid by the buyers into escrow accounts held by Amsouth Bank in the name of the buyers and the Jefferson County Commission. These funds will not be released from escrow until the sale has been approved by the appropriate regulatory agencies. The funds held in escrow totaling $3,481,753 are invested in U.S. Government securities that are included in Cash and Investments on Exhibit #1, but are not included in deposits and investments discussed above. They are not covered by collateral agreements between the financial institution and the Jefferson County Commission and the terms of collateralization agreements between the buyers and the financial institutions are not known at this time.

	Enterprise Funds
Patient Receivables	$16,520,167
Allowance Account	(10,092,196)
Net Patient Receivables	$ 6,427,971

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 $5,555,000 at September 30, 1996.

Note 6 - Changes in Fixed Assets

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

	Balance 10/1/95	Additions	Reductions	Balance 9/30/96
Land	$ 6,674,000	$ 401,000	$ (224,000)	$ 6,851,000
Buildings	167,951,000	940,000		168,891,000
Improvements Other Than Buildings	4,096,000	17,000	(300,000)	3,813,000
Equipment and Furniture	59,645,000	7,487,000	(5,395,000)	61,737,000
Construction in Progress	14,960,000	17,542,000	(11,358,000)	21,144,000
Total	$253,326,000	$26,387,000	$(17,277,000)	$262,436,000

The Proprietary Fund Types' fixed assets at September 30, 1996 are summarized below:

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 1996 was $995,000. All of the leases with the exception of a copier used by the personnel board are renewed annually. Future minimum lease payments for the copier are as follows:

1996-97	$14,000
1997-98	14,000
1998-99	14,000
1999-00	12,000
Total	$54,000

Note 8 - 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 entered 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 pledged and assigned 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 9 - County Appropriation Agreement

During the 1989 fiscal year, the Birmingham-Jefferson Civic Center Authority (Authority) issued $132,380,000 in Capital Outlay Special Tax Bonds, Series 1989. The bonds are limited obligations of the Authority, payable solely out of certain

Property Insurance - Commercial insurance coverage purchased in the amount of $50 million per occurrence including earthquake and flood exposures, provided that coverage for property located in a flood zone is limited to $2 million.

Boiler and Machinery Insurance - Commercial insurance coverage purchased in the amount of $30 million per occurrence.

Workers Compensation - Self-insured with a self-insured retention of $350,000 and excess coverage for statutory amounts above the retention.

General, Auto, Public Officials and Law Liability - Self-insured with an established internal service fund to finance losses.

Hospital and Nursing Home Medical Malpractice and General Liability - Insured through the County's participation in the Alabama Hospital Association Trust Fund with limits of $1 million per occurrence with a $3 million per report year aggregate.

Crime and Fidelity Bonding - Public employee dishonesty commercially bonded with a limit of $505,000 per occurrence. Theft, disappearance, or destruction of money, securities, and other property on premises commercially bonded with a limit of $150,000, except checks other than payroll. Theft, disappearance, or destruction of money, securities, and other property off premises commercially bonded with a limit of $150,000, except checks other than payroll. Checks other than payroll are bonded in the amount of $2 million per occurrence.

Payments are made by participating funds to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for losses. That reserve was $5,907,000 at September 30, 1996, and is reported as a reserve of the Risk Management Fund's retained earnings. The Governmental Accounting Standards Board Statement No. 10, requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The county accrued a liability of $4,711,047.00 for claims at September 30, 1996.

Note 13 - Litigation

The County is a defendant in certain civil actions in which the County is alleged to have violated various provisions of the federal Clean Water Act, in the operation of the county-wide sewage collection and treatment system. On January 20, 1995, the District Court granted partial summary judgement in favor of the plantiffs, finding the County and the System were in violation of the Clean Water Act. The Court did not rule on the remedy or penalty relief sought by the plantiffs, but directed the parties to engage in settlement discussions.

Note 15 - 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, 1996:

Nature of Commitment	Amount
Aerial Photogrammetric Mapping Service	$ 2,040,000
Cahaba Sewer Improvement Project	7,799,000
Fairfield Sewer Improvement Project	1,469,000
Family Court Construction Project	5,404,000
Landfill Improvements	5,650,000
Newfound Creek Pump Station Project	1,671,000
NPDES Storm Water Management Project	1,309,000
Patton Creek Sewer Improvement Project	3,602,000
Riverchase Pump Rehabilitation Project	2,163,000
Solid Waste Transfer Station Project	10,333,000
Trussville Sewer Improvement Project	12,611,000
Turkey Creek Sewer Improvement Project	1,331,000
Valley Creek Sewer Improvement Project	6,661,000
Village Creek Sewer Improvement Project	24,702,000
Totals	$86,745,000

Note 16 - 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, 1996, is presented below:

	Sanitary Operations Fund	Parking Deck Fund	Total Enterprise Fund
Operating Revenues	$52,282,329	$165,980	$96,655,796
Depreciation and Amortization Expense	18,524,294		21,184,422
Operating Income or (Loss)	9,260,781	(16,253)	(24,096,229)
Operating Grants, Entitlements and Shared Revenues			6,574,849
Operating Transfers:			
In			37,992,582
Out (-)			(1,509,155)
Tax Revenues	2,718,657		2,718,657
Net Income or (Loss)	1,503,497	(36,200)	3,140,794
Current Capital: Transfers			
Property, Plant & Equipment:			
Additions	104,848,374		120,089,828
Deletions	(43,375,058)		(45,030,225)
Net Working Capital	65,650,978	132,577	85,550,784
Bonds and Other Long-Term Liabilities:			
Payable from Operating Revenues			1,593,257
Total Equity	$199,302,426	$129,028	$251,807,295

Note 17 - 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.

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.

Analysis of Funding Progress
(In Millions of Dollars)
*actuarial value

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 Pension Benefit Obligation (1) - (2)	(5) Annual Covered Payroll	(6) Assets in Excess of Pension Benefit Obligation as a Percentage of Covered Payroll (4)/(5)
1987	$138.3	$105.1	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
1995	353.4	255.0	138.6	98.4	92.2	107.0
1996	389.7	282.3	138.0	107.4	103.7	104.0

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
Revenues by Source

Fiscal Year Ended September 30	Employee Contributions	Employer Contributions	Investment Income	Other Income	Total
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
1995	5,574,023	5,575,038	29,203,916	302,617	40,655,594
1996	5,723,765	5,723,765	45,188,646	258,944	56,895,120

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 214 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 $17 to $406 per month and total insurance premiums range from $143 to $423. Expenditures for postretirement health care benefits are made and recognized as premiums are paid. During the year, expenditures of $354,607 were recognized for postretirement health benefits.

Note 20 - Deficit Fund Balances

The following funds had deficit fund balances at September 30, 1996:

	Deficit Fund Balances
Special Revenue Funds	
Road Fund	($1,655,000)
Home Grant Fund	($1,000)

Note 21 - Landfill Closure and Postclosure Care

For the fiscal year ended September 30, 1996, 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, 1997.

SUPPLEMENTAL INFORMATION

Exhibit #6

Community Development	CDBG-EDA Revolving Loan Fund	Home Grant	Emergency Management Fund	Totals Current Year	Totals Prior Year
$	$ 2,204	$	$ 361	$ 10,539	$ 10,997
					75
198	4,357			4,555	4,621
11				11	12
742		47		5,167	4,602
				1,640	1,487
				2	236
$ 951	$ 6,561	$ 47	$ 361	$ 21,914	$ 22,030
$ 147	$	$ 47	$	$ 505	$ 917
494		1	6	4,598	4,218
2				59	596
8				97	51
				250	150
651		48	6	5,509	5,932
1,269			3	3,232	3,534
				1,640	1,487
198	4,357			4,555	4,621
				164	
(1,167)	2,204	(1)	352	6,814	6,456
300	6,561	(1)	355	16,405	16,098
$ 951	$ 6,561	$ 47	$ 361	$ 21,914	$ 22,030

Community Development Fund	CDBG-EDA Revolving Loan Fund	Home Grant Fund	Emergency Management Fund	Totals Current Year	Totals Prior Year
$	$	$	$	$ 60,575	$ 59,337
3,894	340	210	69	15,478	15,553
18			267	462	459
	313	161	14	2,386	7,355
3,912	653	371	350	78,901	82,704
795		87		6,801	12,560
			250	250	221
				29,045	24,057
3,176	63	316		3,555	3,694
			5	2,537	2,454
145	12	9	18	351	
4,116	75	412	273	42,539	42,986
(204)	578	(41)	77	36,362	39,718
888	18	47	73	17,362	15,185
	(238)		(1)	(53,432)	(50,370)
15				15	
903	(220)	47	72	(36,055)	(35,185)
699	358	6	149	307	4,533
(399)	6,203	(7)	206	16,098	11,565
$ 300	$ 6,561	$ (1)	$ 355	$ 16,405	$ 16,098

Jefferson County Commission

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL CAPITAL PROJECTS FUNDS For the Fiscal Year Ending September 30, 1996 (In Thousands)

Exhibit #9

	Capital Improvements Fund	Road Construction Fund	Totals Current Year	Totals Prior Year
REVENUES				
Intergovernmental	$ 347	$ 922	$ 1,269	$ 674
Charges for Services		869	869	815
Miscellaneous	9,079	172	9,251	2,429
TOTAL REVENUES	9,426	1,963	11,389	3,918
EXPENDITURES				
Current:				
General Government	7,816		7,816	3,170
Highways and Streets	4	3,472	3,476	2,799
Sanitation	561		561	118
Health and Welfare	335		335	83
Culture and Recreation	1,725		1,725	3,088
Capital Outlay	2,110		2,110	3,190
TOTAL EXPENDITURES	12,551	3,472	16,023	12,448
Excess (deficiency) of revenues over expenditures	(3,125)	(1,509)	(4,634)	(8,530)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	5,280		5,280	7,885
Operating Transfers Out	(10,017)		(10,017)	(5,000)
Proceeds from Sale of Fixed Asset	444		444	452
Net Gain on Sale of Investment				1,114
TOTAL OTHER FINANCING SOURCES (USES)	(4,293)		(4,293)	4,451
Excess (deficiency) of revenues over expenditures and other sources (uses)	(7,418)	(1,509)	(8,927)	(4,079)
Fund Balances at beginning of year	38,436	4,470	42,906	46,985
Fund Balances at end of year	$ 31,018	$ 2,961	$ 33,979	$ 42,906

Exhibit #10

Parking Deck Fund	Totals Current Year	Totals Prior Year
$ 155	$ 97,450	$ 144,215
	5,296	6,706
	6,428	5,391
		247
	1,895	995
	1,280	1,534
	49	21
	4,583	4,644
	467,093	391,966
$ 155	$ 584,074	$ 555,719
$ 23	$ 16,376	$ 9,585
	1,129	1,156
	4,777	4,819
	332	1,899
	4,202	3,248
	31	33
3	3,809	3,495
	196	158
	301,415	282,660
26	332,267	307,053
$ 129	$ 251,807	$ 248,666
129	251,807	248,666
$ 155	$ 584,074	$ 555,719

Exhibit #11

Sanitary Operations Fund	Parking Deck Fund	Totals Current Year	Totals Prior Year
$ 2,719	$	$ 2,719	$ 2,696
10		10	10
49,335	166	63,290	59,518
218		302	720
		23,760	25,553
		2,532	8,854
		969	
		3,074	520
52,282	166	96,656	97,871
10,799	20	40,977	40,408
2,908	5	9,739	9,932
63		2,618	2,959
3,704	27	5,192	4,790
18,524		21,184	19,245
5,159	127	11,573	8,954
		2,842	4,686
		12,235	10,069
263	1	923	1,471
1,283	2	11,402	10,478
318		2,067	2,567
43,021	182	120,752	115,559
9,261	(16)	(24,096)	(17,688)
		119	2,200
6,006	9	7,097	1,413
(12,703)		(13,317)	(9,420)
(1,059)	(29)	(3,143)	
(2)		(3)	(879)
(7,758)	(20)	(9,247)	(6,686)
1,503	(36)	(33,343)	(24,374)
		37,993	41,313
		(1,509)	(18,384)
		36,484	22,929
1,503	(36)	3,141	(1,445)
197,799	165	248,666	250,111
$ 199,302	$ 129	$ 251,807	$ 248,666

Exhibit #12

Parking Deck	Totals Current Year	Totals Prior Year
($16)	($24,096)	($17,688)
	20,912	19,005
	2,618	2,959
	248	(209)
	630	(1,228)
	(2,876)	(1,963)
	(28)	(4)
	(900)	(682)
	254	(154)
9	6,791	6,660
	(42)	3,175
(1)	(1,567)	223
	(2)	33
	954	2,774
	(27)	1,156
	313	169
	38	
	1	
8	27,317	31,914
($8)	$3,221	$14,226

Exhibit #12
Sheet #2

Parking Deck	Totals Current Year	Totals Prior Year
($8)	$3,221	$14,226
	37,993	41,313
	(1,509)	(18,384)
	119	
		2,200
(29)	(3,143)	
(29)	33,460	25,129
		14,616
	(13,317)	(9,420)
	(105,447)	(88,113)
	(5,245)	(4,000)
	(212)	(803)
	272	240
	19,192	130,000
0	(104,757)	42,520
9	7,097	1,413
	86,656	(87,181)
9	93,753	(85,768)
(28)	25,677	(3,893)
183	33,942	37,835
$155	$59,619	$33,942

Exhibit #13

Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals	
				Current Year	Prior Year
$ 1	$ 117	$ 79	$	$ 7,132	$ 7,009
		1	24	25	25
50		1	15	2,537	2,002
485	18	127	777	1,407	1,324
				62	75
2,039	300	177	5,767	9,968	3,717
$ 2,575	$ 435	$ 385	$ 6,583	$ 21,131	$ 14,152
$	$	$	$	$ 2,205	$ 1,852
295	17	29	397	5,822	1,009
					4
9	2	1	23	51	502
274	50	12	768	1,638	1,616
14				23	16
592	69	42	1,188	9,739	4,999
				5,912	5,354
1,983	366	343	5,395	5,480	3,799
1,983	366	343	5,395	11,392	9,153
$ 2,575	$ 435	$ 385	$ 6,583	$ 21,131	$ 14,152

Exhibit #14

Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year	Totals Prior Year
$	$	$	$	$ 2,506	$ 2,174
2,004	934	675	10,166	16,287	15,578
4			152	490	432
2,008	934	675	10,318	19,283	18,184
2,052	397	150	5,392	11,894	11,999
572	132	40	1,437	4,215	4,239
77	110		1,651	1,846	2,557
136	27	25	115	701	573
169	205	95	1,237	3,512	3,104
			165	165	16
39	2	8	45	473	386
3,098	18	327	1,179	4,973	4,604
				4,711	
6,143	891	645	11,221	32,490	27,478
(4,135)	43	30	(903)	(13,207)	(9,294)
4,668	10	16	4,765	12,800	
6	11		64	397	59
			(376)	(661)	
					(16)
4,674	21	16	4,453	12,536	43
539	64	46	3,550	(671)	(9,251)
1,472	21		4,746	7,238	13,389
(1,054)			(3,274)	(4,328)	(3,708)
$ 418	$ 21	$	$ 1,472	$ 2,910	$ 9,679
957	85	46	5,022	2,239	430
1,026	281	297	373	9,153	8,723
$ 1,983	$ 366	$ 343	$ 5,395	$ 11,392	$ 9,153

Exhibit #15

Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals Current Year	Totals Prior Year
($4,135)	$43	$30	($903)	($13,207)	($9,294)
136	27	25	115	701	573
			1	16	5
1			2	(1)	8
(21)	2	16	13	(536)	21
89	(5)	(26)	(140)	(82)	(315)
(36)	1	(2)	57	4,815	421
(85)	(16)	(5)	(212)	(450)	7
			(4)	(4)	
					(6)
(18)	(10)	2	20	20	53
				5	
66	(1)	10	(148)	4,484	767
($4,069)	$42	$40	($1,051)	($8,723)	($8,527)

Exhibit #15

Sheet #2

Fleet Management Fund	Central Laundry Fund	Printing Fund	Building Services Fund	Totals	
				Current Year	Prior Year
($4,069)	$42	$40	($1,051)	($8,723)	($8,527)
1,472	21		4,746	7,238	13,389
(1,054)			(3,274)	(4,328)	(3,709)
4,668	10	16	4,765	12,800	
			(377)	(662)	
5,086	31	16	5,860	15,048	9,680
					622
				(1)	
(1,577)	(210)	(103)	(4,873)	(6,952)	(1,248)
(1,577)	(210)	(103)	(4,873)	(6,953)	(626)
6	10	1	64	398	59
6	10	1	64	398	59
(554)	(127)	(46)		(230)	586
555	244	125		5,157	4,571
$1	$117	$79		$4,927	$5,157

Jefferson County Commission

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Fiscal Year Ended September 30, 1996

Exhibit #17

	Balance October 1, 1995	Additions	Deductions	Balance September 30, 1996
Deferred Compensation Fund				
Assets				
Property and Rights Held Under Deferred Compensation Plan	$14,852	$2,364		$17,216
Liabilities				
Obligations to Employees Under Deferred Compensation Plan	$14,852	$2,364		$17,216

SUPPLEMENTARY INFORMATION

Exhibit #19

Accrued or (Deferred) Revenue 10-1-95	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 9-30-96
		$370	
		29,711	
146,675	355,466	623,395	
	3,135,082	1,124,999	644,320
		1,712,073	
128,096	34,398	34,398	
274,771	3,524,946	3,524,946	644,320
46,203	60,012	60,012	
31,935	66,495	66,495	
1,371	59,652	59,652	26,558
	23,307	23,307	20,307
79,509	209,466	209,466	46,865
11,584	6,964	6,964	
	94,908	94,908	17,287
11,584	101,872	101,872	17,287
54,448			
	124,899	124,899	80,468
54,448	124,899	124,899	80,468
420,312	3,961,183	3,961,183	788,940
$420,312	$3,961,183	$3,961,183	$788,940

Exhibit #19
Sheet #2

Accrued or (Deferred) Revenue 10-1-95	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 9-30-96
$420,312	$3,961,183	$3,961,183	$788,940
	14,649	14,649	
	29,390	29,390	
	53,098	53,098	
11,747	207,755	207,755	10,989
(2,248)	2,248	2,248	
9,499	307,140	307,140	10,989
224,493			
	416,591	416,591	159,698
224,493	416,591	416,591	159,698
19,697	72,325	72,325	21,470
35,604	394,710	394,710	98,774
55,301	467,035	467,035	120,244
175,053	618,927	618,927	141,428
89,370	277,822	277,822	84,636
264,423	896,749	896,749	226,064
544,217	1,780,375	1,780,375	506,006
$974,028	$6,048,698	$6,048,698	$1,305,935

Exhibit #19
Sheet #3

Accrued or (Deferred) Revenue 10-1-95	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 9-30-96
$974,028	$6,048,698	$6,048,698	$1,305,935
544,217	1,780,375	1,780,375	506,006
5,195	9,264	9,264	2,954
1,033	7,453	7,453	1,217
23,745	23,222	23,222	7,569
	2,440	2,440	2,440
3,292	16,038	16,038	6,578
	8,676	8,676	
	250	250	
577,482	1,847,718	1,847,718	526,764
	342,993	342,993	
	100,990	100,990	
	443,983	443,983	
$1,007,293	$6,560,024	$6,560,024	$1,326,693

Exhibit #19
Sheet #4

Accrued or (Deferred) Revenue 10-1-95	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue 9-30-96
$1,007,293	$6,560,024	$6,560,024	$1,326,693
533	73,191	73,191	32,112
533	73,191	73,191	32,112
	52,400	52,400	
	90,964	90,964	
	143,364	143,364	
17,738			
	37,932	37,932	17,667
17,738	37,932	37,932	17,667
37,879			
$1,063,443	$6,814,511	$6,814,511	$1,376,472

Jefferson County Commission

SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL-ADECA CONTRACT NUMBER JF-95-03-0006
For the Fiscal Year Ended September 30, 1996
(In Thousands)

Exhibit #21

	Total Budget Grant Funds	Current Year Activity Grant Funds	Cumulative Totals Actual	Cumulative Totals Budget	Cumulative Totals Favorable (Unfavorable)
Revenues					
Federal Funds Received from ADECA	$46,400	$37,932	$37,932	$46,400	($8,468)
Totals	46,400	37,932	37,932	46,400	(8,468)
Expenditures By Budget Cost Category					
Contractual Services	35,000	33,000	33,000	35,000	2,000
Equipment	10,294	4,402	4,402	10,294	5,892
Travel	1,106	530	530	1,106	576
Totals	$46,400	$37,932	$37,932	$46,400	$8,468

Jefferson County Commission

MEMBERS OF THE COUNTY COMMISSION
AND ADMINISTRATIVE PERSONNEL
October 1, 1995 through September 30, 1996

Exhibit #22

Commission Members			Term Expires
Hon. Mary M. Buckelew	President	Room 211, Courthouse Birmingham, AL 35263	1999
Hon. Gary White	Member	Room 204, Courthouse Birmingham, AL 35263	1999
Hon. Jeff Germany	Member	Room 200, Courthouse Birmingham, AL 35263	1999
Hon. Chris McNair	Member	Room 218, Courthouse Birmingham, AL 35263	1999
Hon. Bettye Fine Collins	Member	Room 203-A, Courthouse Birmingham, AL 35263	1999

Administrative Personnel

Mr. Steve Sayler	Finance Director	Room 3, Courthouse Birmingham, AL 35263
Mr. Travis Hulsey	Assistance Finance Director	Room 3, Courthouse Birmingham, AL 35263
Mr. Steven Boone	Chief Accountant	3721 Forest Run Road Birmingham, AL 35223
Mr. Randy Wolfe	Principal Accountant	Room 304-A, Courthouse Birmingham, AL 35263

Jefferson County Commission

REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF PRIMARY GOVERNMENT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Exhibit #24

We have audited the primary government financial statements of the Jefferson County Commission as of and for the year ended September 30, 1996, and have issued our report thereon dated February 7, 1997.

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.

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.

In planning and performing our audit of the financial statements of the Jefferson County Commission for the year ended September 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design or relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

A complete physical inventory of non-federal fixed assets had not recently been performed.

Jefferson County Commission

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

Exhibit #25

We have audited the primary government financial statements of the Jefferson County Commission as of and for the year ended September 30, 1996, and have issued our report thereon dated February 7, 1997.

We also have audited the Jefferson County Commission's compliance with the requirements governing Types of Services Allowed/Unallowed; Eligibility; Matching, level of effort or earmarking; Reporting; Monitoring Subrecipients; Federal Personnel; 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; Program Income; 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, 1996. The management of the Jefferson County Commission is responsible for the Jefferson County 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 Jefferson County Commission's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Jefferson County Commission complied, in all material respects, with the requirements governing Types of Services Allowed/Unallowed; Eligibility; Matching, level of effort or earmarking; Reporting; Monitoring Subrecipients; Federal Personnel; 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; Program Income; 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, 1996.

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

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

February 7, 1997

Jefferson County Commission

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

Exhibit #27

We have audited the primary government financial statements of the Jefferson County Commission as of and for the year ended September 30, 1996, and have issued our report thereon dated February 7, 1997.

In connection with our audit of the financial statements of the Jefferson County Commission, and with our consideration of the Jefferson County Commission's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget's 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, 1996. 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 Jefferson County 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 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

February 7, 1997

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; Federal Personnel; 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; Program Income; Participant Activities and Rate of Pay; Technical Assistance; 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, 1996, the Commission expended 84 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.

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

AUDITEE RESPONSE