

# Comprehensive Annual Financial Report

Jefferson County, Alabama

**Fiscal Year Ended  
September 30, 2000**

**Prepared by the Department of Finance  
Steve Saylor, Finance Director**

**JEFFERSON COUNTY  
COMMISSION**



**JEFF GERMANY**  
District 1  
Commissioner  
Health & Human Services



**CHRIS McNAIR**  
District 2  
Commissioner  
Environmental Services



**GARY WHITE**  
Commission President  
District 5  
Commissioner Finance &  
General Services



**MARY M. BUCKELEW**  
District 3  
Commissioner  
Roads &  
Transportation



**BETTYE FINE COLLINS**  
District 4  
Commissioner  
Community &  
Economic Development

**Jefferson County, Alabama  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2000**

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# JEFFERSON COUNTY COMMISSION



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

## GARY WHITE—COMMISSIONER

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April 1, 2001

To the members of the Jefferson County Commission and the Citizens of Jefferson County, Alabama:

The comprehensive annual financial report of the Jefferson County Commission for the fiscal year ended September 30, 2000 is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and the Code of Alabama 1975, Section 41-5-14 require that the Jefferson County Commission issue annually a report on its financial position and activity, and that this report be audited by the State of Alabama Department of Examiners of Public Accounts. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds, account groups and component units of the Jefferson County Commission. All disclosures necessary to enable the reader to gain an understanding of the Jefferson County Commission's activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of Jefferson County, Alabama principal elected and appointed officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report on these financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

### **Reporting Entity**

Jefferson County, Alabama is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including a schedule of federal financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

The financial reporting entity (the government) includes all the funds and account groups of the primary government (i.e., Jefferson County, Alabama as legally defined), as well as all of

its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events.

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

The accompanying financial statements reflect the activity of the 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.

### **Governmental Structure, Local Economic Condition and Outlook**

Jefferson County was created by the Alabama Territorial Legislature in 1819 and is actually older than the State of Alabama. The land was ceded in 1814 from the Creek Indian Nation in compliance with the Treaty of Fort Jackson. The area was settled by soldiers who had fought in Alabama with Andrew Jackson in the Creek War of 1813-1814. The County was named for Thomas Jefferson in honor of his many accomplishments as the author of the Declaration of Independence, the founder of the University of Virginia, and the third President of the United States. Jefferson County is Alabama's most populous county, having a population of 662,047, which represents 15% of Alabama's total population. It is the principal center of finance, trade, manufacturing, transportation, health care and education in the State. Birmingham, the State's largest city, and 34 other municipalities are located within the County's 1,124 square miles. The County is the principal center of the four-county Birmingham Metropolitan Statistical Area (MSA), which covers 3,188 square miles and ranks as the 53<sup>rd</sup> most populated area among the 276 MSAs in the United States.

The governing body of Jefferson County is the Jefferson County Commission. The five commissioners are elected from five districts within the County for four-year terms. The president of the Commission is then elected from among the five commissioners. The current term of office for the present commissioners, President Gary White and Commissioners Mary M. Buckelew, Bettye Fine Collins, and Jeff Germany, began on November 10, 1998, and will end in November, 2002. Commissioner Chris McNair resigned his position effective March 30, 2001. Steve Small was appointed to serve the remaining term of McNair, which ends in November, 2002. The major responsibilities of the Commission are as follows: administer the County's finances; serve as custodians of all the County's property; collect taxes as set by state law; allocate resources for the construction of buildings, roads and other public facilities; provide for the delivery of services that by law are the County's responsibility (such as sewer service, medical care for the indigent, and law enforcement); and make appointments to various governmental boards and agencies. The County employs approximately 4,000 individuals, who perform tasks in five major areas of County government. These areas are the Department of Finance and General Services, the Department of Roads & Transportation, the Department of Environmental Services, the Department of Health and Human Services, and the Department of Community and Economic Development.

Jefferson County is currently enjoying a very favorable economic environment and local indicators point to continued stability. The County has a diverse economic environment with a shift toward service-producing employment over a recent five-year period. Major industries, measured by number of jobs, include: services – 30%, trade – 25%, government – 14%, manufacturing (durable and nondurable goods) – 10%, finance, insurance and real estate – 8%, construction – 7%, and transportation and public utilities – 6%. Jefferson County industries and business opportunities are continually growing, and seven companies earned places on Forbes Magazine's list of the nation's top private companies. The County has become the top financial center of the Deep South with the reach of the Alabama-based banks extending to ten states from North Carolina to Texas. The County has 32 banks on the S & P Index and 3 listed in Standard & Poors 500, which is the most in the country. Jefferson County is the first county in the state to allow motor vehicle registration renewals via the Internet. The County is also one of the first in the United States to allow motor vehicle registration renewals at conveniently located kiosks. The County Commission is looking toward expanding Internet applications to allow business license, sales tax, and other County-collected revenues to be remitted electronically.

Jefferson County's unemployment rate of 3.1% compares very favorably to the State of Alabama's 4.4% rate and the national rate of 4.1%. With nationally recognized University of Alabama at Birmingham Medical Center, the Oxmoor Valley Research Park, and Southern Research Institute, Jefferson County is a leader in medical and scientific research and development. The largest office parks offer a total of over five million square of rental space with an average rent of approximately \$15.50 per square foot. The County is home to operations centers for about 50 percent of the Fortune 500 corporations located within the area. The County is continuing to grow and bring in new opportunities with the recent opening of the Jefferson Metropolitan Park. Major revenue sources such as sales taxes, property taxes and occupational taxes have increased 4% annually over the past several years and are projected to increase by the same percentage over the next year. There continues to be a discernable trend toward steady economic growth for Jefferson County.

### **Major Initiatives**

**For the Year.** Jefferson County's staff has been involved in a variety of projects throughout the year. These projects reflect the Commission's commitment to improving the quality of life for its citizenry and ensuring that its citizens are able to live and work in an enviable environment.

The Jefferson County Commission identified several major areas of improvements that were needed to meet citizens' demands for services and to safeguard the environment in conformity with applicable federal and state standards. These improvements included utilizing the Internet to disseminate information and process transactions; upgrading of wastewater treatment facilities, including the construction of additional sewer lines to serve the needs of rapidly-growing residential subdivisions and commercial industry; construction projects for improving local roadways; solving air quality issues; and stimulating economic and industrial growth. In addition, the Commission is working toward an expedient resolution to the occupational tax situation.

The Commission, responding to the public's request for information and increased service on the Internet, has a confirmed goal to make county government more accessible, more convenient, and more cost effective. Citizens can access online services by visiting the County's website or by using one of the conveniently located kiosks. The County has begun accepting online motor vehicle registrations. In addition, boat and manufactured home

registrations have been added to the online service. Jefferson County is at the forefront nationally in offering government information and transactions on the Internet.

The County is a party of a consent decree arising out of certain litigation involving alleged violations of the Clean Water Act in the operation of the wastewater system. The County has committed to the development and implementation of a remedial plan that is intended to eliminate bypasses and other discharges of untreated sewage to streams in Jefferson County. The remedial plan requires extensive rehabilitation of lateral and collection sewers throughout the County and construction of additional capacity to the treatment plants in the system. Phases I and II of the remedial plan, involving planning documents and detailed analyses of conditions, respectively, were completed during this past year. Also, Phase III, the implementation phase, has begun and will continue for the next ten years. The total estimated cost of the remedial plan is approximately \$1.9 billion. As of the fiscal year ended September 30, 2000, approximately \$560 million had been expended under the remediation plan. Additionally, the County has an ongoing sewer improvement program whereby approximately \$95 million has been spent on non-Consent Decree projects during the three fiscal years ended September 30, 2000. It is estimated that the County will spend an additional \$676 million on this portion of the capital improvement program during the current fiscal year and the following four fiscal years.

During the year, the Commission demonstrated its efforts to construct and improve local roadways by spending approximately \$42 million for construction and maintenance of highways and bridges within the County.

The Jefferson County Department of Environmental Protection continues to be a leader in the fight to control air pollution in the area. Along with partners the Jefferson County Department of Health and the Birmingham Area Chamber of Commerce, the Department is coordinating an extensive ozone action campaign targeted at area citizens, businesses and local governments. Reducing ozone pollution is made difficult by the fact that the County's citizens each drive an average of approximately 32 miles per day, which is the second highest per capita in the nation. An additional contributing factor is the area's inadequate public transportation system, with its limited routes and low rate of citizen utilization. However, it is believed that voluntary pollution reduction measures, combined with mandated emissions controls for area industries and coal-burning power plants, will enable the County to come into compliance with federal ozone standards.

The Jefferson County Commission recognizes that continued prosperity for the County is dependent upon continued economic and industrial growth. The Commission has worked closely with the Jefferson County Economic and Industrial Development Authority in conjunction with the recent opening of the Jefferson Metropolitan Park industrial park located in western Jefferson County. This industrial park will help ensure continued growth and opportunities for the citizenry of Jefferson County.

In 1967, Alabama Act No. 67-406 was enacted which authorized Jefferson County, Alabama to levy a business license on business entities and a privilege license/occupational tax on natural persons who were not required by state law to pay state privilege license tax. In about 1968, the County partially implemented the authority granted in Act 67-406 to enact a business license code on business entities. In 1987, Jefferson County implemented the remainder of the authority granted in Act 67-406 by enactment of an occupational tax ordinance that levied an occupational tax on all natural persons who earn wages in the County and who

are not required to pay privilege license tax to the State of Alabama. The County occupational tax went into effect January 1, 1988.

On April 12, 1992, a class action lawsuit was filed in Jefferson County Circuit Court by various plaintiffs claiming that the exemption of those persons required to pay state license tax from the County tax violated the equal protection and due process clauses of the United States Constitution. In 1998, the trial court entered a judgment declaring that the exemptions contained in Act 67-406 (i.e. on those who are required to pay state license tax) were unconstitutional. In June 1999, the trial court ordered the County to either collect the tax from all persons who work in the County or from no one. The County chose to collect the tax from all persons who earn wages in Jefferson County. However, the County has escrowed all monies collected since June 17, 1999 from the previously exempt persons, pending the outcome of the County's appeal to the Alabama Supreme Court.

In the meantime, the Alabama legislature has passed several laws which would have affected the collection of the county occupational tax had they not been declared unconstitutional. For example, in 1999 the Legislature enacted Act 99-406, which eliminated the exemptions but which was enacted in violation of certain procedural provisions of the Alabama Constitution. Shortly after its enactment, Act 99-406 was the subject of a separate lawsuit that resulted in a trial court judgment that Act 99-406 was unconstitutional and void. Also in 1999, the Legislature enacted a bill that purported to repeal Act 67-406. However, that repealing bill was passed with an insufficient number of votes. This bill was also the subject of litigation, which resulted in a trial court judgment that the repealing bill was unconstitutional. In 2000, the legislature passed Act 2000-215 that, like Act 99-406, removed the exemptions but also was declared unconstitutional in a separate lawsuit.

The 1992 class action lawsuit is now before the Alabama Supreme Court, being scheduled for oral arguments on April 18, 2001. It is expected that the Court will release an opinion deciding the case within two to three months following completion of oral arguments.

**For the Future.** Commitment to the sanitary operations capital improvement program remains a high priority. The Commission recently issued \$275 million of sewer revenue capital improvement warrants, dated March 1, 2001, to finance the current portion of the remedial plan implementation phase. Current projects are ahead of schedule, and the County anticipates completing the entire remediation plan ahead of schedule. The County has been successful in gaining statutory approval to extend the maturity date of some warrants to forty years, thereby reducing the financial burden on current customers and extending the payments more equitably over the life of the assets.

In October 2000, the Commission approved a \$286,206 grant to the Jefferson County Economic and Industrial Development Authority. The Commission has worked closely with the Authority in conjunction with the recent opening of the Jefferson Metropolitan Park industrial park located in western Jefferson County. The first tenant is Office Max, Inc., which has located a 600,000 square foot, \$45 million distribution center in the park and will be employing approximately 350 people.

The County has recently contracted to complete the renovation of the main Courthouse building in the downtown area at a projected cost of \$43 million. The project is anticipated to require two and a half years for completion and will require the relocation of numerous operations during the construction phase.

Jefferson County utilizes a five-year Capital Improvement Plan to analyze and determine priorities for capital projects. This process allows the Commission to properly plan and budget for anticipated capital projects. The Capital Improvement Plan is presented to the Commission for approval annually. Each project is categorized and funds are appropriated for each Capital project. The following categories of projects have been appropriated for fiscal year 2000-2001:

	<u>(Thousands)</u>
Building Renovation Projects	\$ 29,626
Road Construction Projects	2,695
Landfill Improvements Projects	269
Sewer Improvements Projects	<u>500,000</u>
Total	<u>\$ 532,590</u>

Additionally, construction contracts and other significant commitments at September 30, 2000 totaled approximately \$361 million.

**Department Focus.** Each year Jefferson County focuses attention on the efforts and accomplishments of a selected department. This year, the focus is on the Purchasing Association of Central Alabama (PACA), which is administered through the Purchasing Division of the Finance Department.

PACA is Alabama's first successful intergovernmental purchasing cooperative. It is a mechanism whereby local governmental entities pool their collective purchasing powers, resulting in discount prices and the conservation of tax dollars. PACA members may save hundreds of thousands of dollars on everything from paper clips to heavy equipment. However, the greatest benefit derived by all jurisdictions has been the improved communications and cooperation among all participating members of PACA.

Prior to the establishment of the cooperative purchasing program, there was very little communication and cooperation among the 35 municipalities located within Jefferson County. Jefferson County's involvement in regional cooperation among local government organizations became the catalyst for the development of PACA. In order to create more economic cooperation between regional governmental entities, the Jefferson County Commission, the Birmingham Area Chamber of Commerce, and the Public Affairs Research Council of Alabama surveyed officials in the Jefferson County area to determine where such opportunities might exist. Cooperative purchasing and joint bidding topped the survey list. The Jefferson County Commission agreed to be the host agency and was joined by eight cities in the formation of PACA in 1994. In 1999, membership was extended to include governments and governmental agencies within those counties whose boundaries were contiguous to Jefferson County. Currently, PACA has 92 members, consisting mainly of cities, county commissions, fire departments and firefighter associations, boards of education, and housing authorities.

The financial concept displayed by cooperative purchasing is that cooperation and communication between local government entities can translate into significant financial gains. Although economic benefit was the main catalyst for implementing the program, the resulting by-product has been enhanced communication and cooperation between member jurisdictions that now share resources and ideas for enhanced services to the general public.

Prior to publication of this annual financial report, PACA received from the Government Finance Officers Association of Alabama the 2001 "Award for Innovations in Government Finance" and from the Birmingham Regional Planning Commission the "Intergovernmental Achievement Award."

## **Financial Information**

**Internal Controls.** Management of Jefferson County is responsible for establishing and maintaining an internal control structure. The purpose of the internal control structure is to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, Jefferson County is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management.

As a part of the County's single audit, which is required in conformity with provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine if the County has complied with applicable laws and regulations. The results of the County's single audit for the fiscal year ended September 30, 2000, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**Budgetary Controls.** The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Commission. Activities of the general fund, special revenue funds and the debt service fund are included in the annual appropriated budget. Project-length budgets are prepared for the capital projects funds. The level of budgetary control is the expenditure category at the departmental level within each fund. The government also maintains an encumbrance accounting system as one method of maintaining budgetary control. Encumbered amounts lapse at year-end. However, outstanding encumbrances generally are reappropriated as part of the following year's budget.

The County's budget for fiscal year beginning October 1, 1999 was awarded the Government Finance Officers Association Award for Distinguished Budget Presentation. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device. The County believes its current budget meets the above criteria, and it has been submitted it to GFOA for consideration for the award.

As demonstrated by the statements and schedules included in the financial section of this report, the government continues meeting its responsibility for sound financial management.

As with the financial section, all dollar amounts presented in the remainder of this letter are expressed in thousands.

**General Government Functions.** The following schedule presents a summary of general fund, special revenue funds, debt service fund, and capital projects funds for the fiscal years ended September 30, 2000 and 1999.

Revenues	2000 Amount	Percent of Total	1999 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Taxes	\$ 136,188	49.8%	\$ 127,688	\$ 8,500	6.7%
Licenses and Permits	58,606	21.4%	53,683	4,923	9.2%
Intergovernmental Revenues	37,352	13.7%	30,975	6,377	20.6%
Charges for Services	19,605	7.2%	19,269	336	1.7%
Investment Income	10,806	4.0%	5,471	5,335	97.5%
Miscellaneous	10,858	4.0%	9,009	1,849	20.5%
Total	<u>\$ 273,415</u>	<u>100.0%</u>	<u>\$ 246,095</u>	<u>\$ 27,320</u>	<u>11.1%</u>

Sales tax and ad valorem tax revenues encompass more than 95% of total tax revenues. Although tax rates have not increased, Jefferson County has benefited from a thriving local economy for the past several years. Ad valorem tax revenues increased by \$8.4 million as a result of property revaluations and assessments.

As a result of the County's continued strong employment market, occupational licenses increased \$4.7 million.

Approximately \$4 million was received from the State of Alabama for local road construction.

More funds were available for investment during the year as a result of issuance of the 1999 and 2000 General Obligation Warrants in the amounts of \$100,000,000 and \$7,125,000, respectively, which resulted in increased investment income.

The following schedule presents a summary of general fund, special revenue funds, debt service fund, and capital projects funds expenditures for the fiscal years ended September 30, 2000 and 1999.

Expenditures	2000 Amount	Percent of Total	1999 Amount	Amount of Increase (Decrease)	Percent of Increase (Decrease)
Current:					
General Government	\$ 63,880	26.0%	\$ 55,136	\$ 8,744	15.9%
Public Safety	47,976	19.5%	46,929	1,047	2.2%
Highways and Streets	36,731	15.0%	31,974	4,757	14.9%
Health and Welfare	3,334	1.4%	4,283	(949)	-22.2%
Culture and Recreation	12,677	5.2%	12,819	(142)	-1.1%
Education	185	0.1%	185	-	0.0%
Capital Outlay	37,830	15.4%	22,243	15,587	70.1%
Indirect Charges	18,964	7.7%	14,812	4,152	28.0%
Debt Service:					
Principal Retirement	15,252	6.2%	16,820	(1,568)	-9.3%
Interest and Fiscal Charges	8,657	3.5%	7,755	902	11.6%
Total	<u>\$ 245,486</u>	<u>100.0%</u>	<u>\$ 212,956</u>	<u>\$ 32,530</u>	<u>15.3%</u>

The increase in general governmental expenditures was a result of expansion in operations and a cost of living adjustment. In addition, approximately \$4 million was expended for professional fees related to indigent care contracts.

During the year, \$3.2 million was spent on a new project to extend a local main roadway.

The major renovations to the Courthouse accounted for the large increase in capital outlay.

In addition to the amounts above for fiscal year 2000 debt service expenditures, \$58,321,000 was expended during the year related to refunding of the 1998 General Obligation Warrants and issuance of the 1999 General Obligation warrants.

Transfers from governmental fund types are required to help support various other proprietary fund types. Net operating transfers of \$69.1 million for 2000 and \$45.8 million for 1999 primarily represent cash transfers from the Indigent Care Fund special revenue fund to the Cooper Green Hospital Fund enterprise fund. The Indigent Care Fund is used to account for the collection of sales and beverage taxes designated for indigent county residents. The Cooper Green Hospital Fund is used to account for the operations of the County-owned Cooper Green Hospital, which serves a large portion of the County indigent resident population. In addition, the substantial increase in net operating transfers relates to transfers made from the General Fund to the Capital Improvements capital projects fund for courthouse renovations.

**Enterprise Operations.** Retained earnings of the enterprise operations decreased by 6.1% in 2000. The most significant decrease in retained earnings relates to the decrease of \$29.4 million in the sanitary operations fund, although operating income for the fund was \$12 million. As noted previously, the operating cost increases and debt service requirement increases relating to investments in major capital improvements for wastewater treatment plants and sewer lines was anticipated. The Commission has made a conscious effort to minimize the impact on current customers by limiting user charges. It should be noted that depreciation and amortization expense for the sanitary operations fund was \$31.5 million, thereby resulting in a

net positive cash flow for the fund ignoring the effects of fixed asset acquisitions and debt payments for sewer warrant issues.

Enterprise operations maintain a very fiscally sound retained earnings balance of \$201 million at September 30, 2000, of which \$143 million relates to the sanitary operations fund.

**Pension Trust Fund Operations.** The General Retirement System for Employees of Jefferson County became even stronger in 2000 with an increase in net assets of \$94.8 million or 15.9%. It continues to be strongly funded, comparing the actuarial value of assets to the actuarial accrued liability. Accordingly, based upon the two most recent actuarial valuations, the pension trust funded ratio was 115% at September 30, 2000 and 120% at September 30, 1999.

**Debt Administration.** At September 30, 2000 Jefferson County had a number of debt issues outstanding. The principal forms of indebtedness that the County is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, special or limited obligation warrants, and various revenue anticipation bonds and warrants relating to enterprises. Under existing law, the County may issue general obligation bonds only after a favorable vote of the electorate of the County. General and special obligation warrants issued for certain specified purposes may be issued without voter approval.

The general obligation debt of the County at September 30, 2000 was \$228,210,000, of which \$22,000,000 is the remaining balance of an issue used for landfill improvements and is accounted for in the Landfill Operations Fund enterprise operation.

Sewer revenue warrants outstanding at September 30, 2000 totaled \$1,536,885,000. This long-term liability is represented by (1) the 1997-A Sewer Revenue Warrants (\$211,040,000); (2) the 1997-B Taxable Sewer Revenue Refunding Warrants (\$30,240,000); (3) the 1997-C AWPCA Refunding Warrant (\$46,515,000); (4) the 1997-D Sewer Revenue Warrants (\$296,395,000); and (5) the 1999-A Sewer Revenue Capital Improvement Warrants (\$952,695,000).

## DEBT RATIOS

The following table presents certain information and ratios that relate the net bonded debt of the County to other economic and demographic data.

Amount of net bonded debt	\$140,980,000
Ratio of net bonded debt to assessed value of taxable property	2.48%
Per capita net bonded debt	\$213

## CREDIT RATING

Jefferson County's most recent warrants received the following ratings from independent credit rating agencies:

### General Obligation:

Moody's Investor Service, Inc.	A1
Standard & Poor's Corporation	AA-

### Sewer Revenue:

	<u>Insured</u>	<u>Underlying</u>
Moody's Investors Service, Inc.	Aaa	Baa1
Standard & Poor's Corporation	AAA	A+

**Cash Management Policies and Practices.** Jefferson County's investment policy is to maintain investment strategies that minimize risk and maximize return while meeting the goals of diversification, liquidity and safety of principal.

Jefferson County funds may be invested in the following instruments as allowed and modified by controlling legislation:

- (1) Direct obligations of the Department of the Treasury of the United States of America;
- (2) Obligations of certain federal agencies, which obligations represent the full faith and credit of the United States of America;
- (3) U.S. dollar denominated deposited accounts and certificates of deposit with banks or savings institutions organized under the laws of the United States or any state thereof, and as further described in paragraph 11-81-21 of the Code of Alabama.
- (4) Pre-funded public obligations (municipal bonds) as further defined by paragraph 11-81-21 of the Code of Alabama;
- (5) Common Trust Funds as defined by paragraph 11-81-21 of the Code of Alabama;
- (6) Repurchase Agreements (Repos) are authorized subject to certain restrictions:

It is the County's policy to avoid exotic derivatives or other unseasoned and/or illiquid investments, and in particular the following investment instruments are specifically prohibited:

1. CMOs (Collateralized Mortgage Obligations)
2. Inverse Floaters
3. IOs (interest only securities)
4. POs (principal only securities)
5. Z-Tranche Securities
6. Futures
7. Options
8. Options on Futures
9. Margin Buying
10. Leveraging
11. Commodities

The County's deposits at September 30, 2000 were entirely covered by federal depository insurance or by collateral held by the pledging financial institution's trust department in the Commission's name.

**Risk Management.** Jefferson County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Therefore, the County maintains a risk management program in order to minimize its exposures to loss. As part of the comprehensive plan, the County has established a Risk Management Fund whereby resources are accumulated to meet potential losses. The County is self-insured for both general and auto liability and for workers compensation, with a retention of \$350,000 and third party excess coverage for statutory amounts above the retention amount. Third party insurance coverage is maintained for property coverage and medical malpractice coverage. At September 30, 2000, the Risk Management Fund maintained a \$6 million reserve for contingencies in excess of the actuarially determined self-insurance liabilities.

The County maintains an ongoing safety program that includes defensive driving training, as well as having recently implemented a very successful employee wellness program.

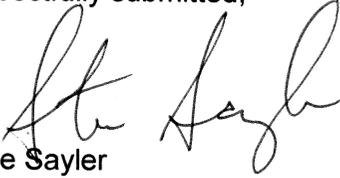
**Independent Audit.** Code of Alabama 1975, Section 41-5-14 requires that the books, records, vouchers, and accounts of every county commission or board be examined and audited at least once in every period of two years and more frequently or continuously if that is deemed necessary or desirable by the chief examiner. Jefferson County is audited annually by the State of Alabama Department of Examiners of Public Accounts. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act of 1984 and the related U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued single audit report.

**Awards.** Jefferson County was awarded the Government Finance Officers Association Award for Distinguished Budget Presentation for its fiscal year ended September 30, 2000. In order to qualify for the Distinguished Budget Presentation Award, the governmental organization budget document must meet stringent program criteria as a policy document, an operating guide, a financial plan, and a communication device. The award is valid for a period of one year only. This achievement represented Jefferson County's eighth consecutive year to receive the award. We believe our current budget continues to conform to program requirements, and we have submitted it to GFOA to determine its eligibility for another award.

Jefferson County was recently recognized as the recipient of three of the four "Awards for Innovation in Government Finance" presented by the Government Finance Officers Association of Alabama. These awards are designed to recognize documented innovations in government finance that exemplify leadership to the profession and promote improved public finance. Jefferson County received an award for each of the following programs: Cooperative Purchasing Among Local Governments; Employee Health Incentive Program; and Liability Management Program. Additionally, as previously mentioned, the Cooperative Purchasing program received the Birmingham Regional Planning Commission "Intergovernmental Achievement Award."

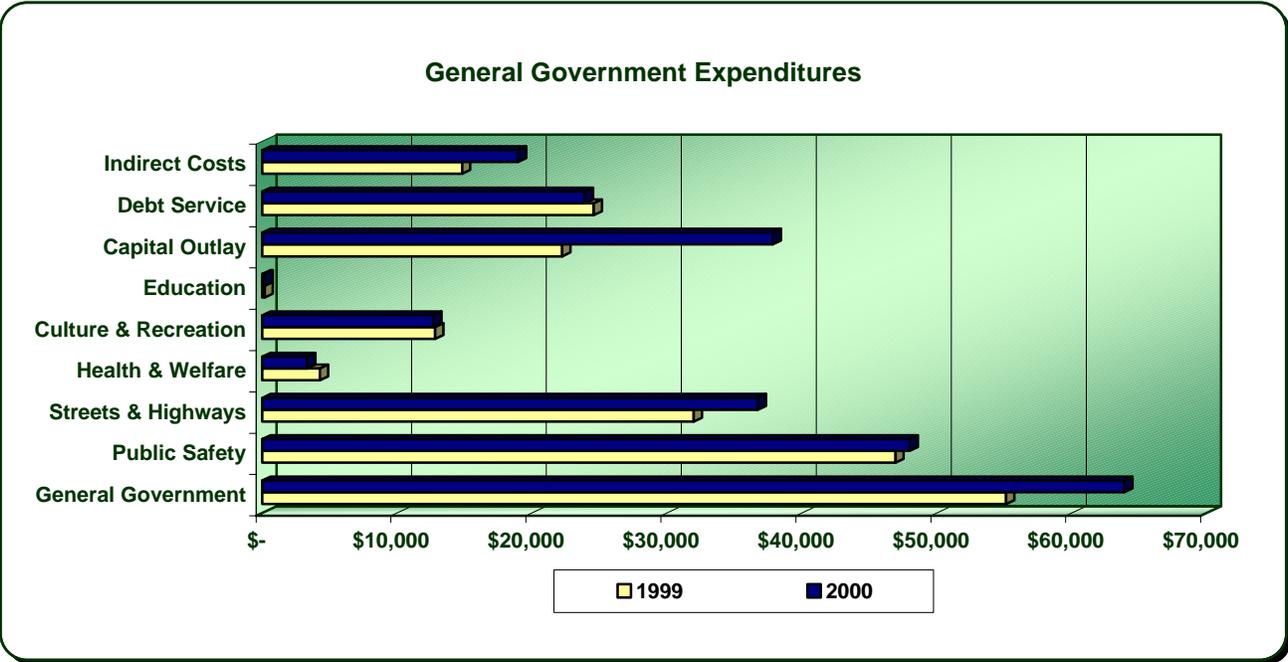
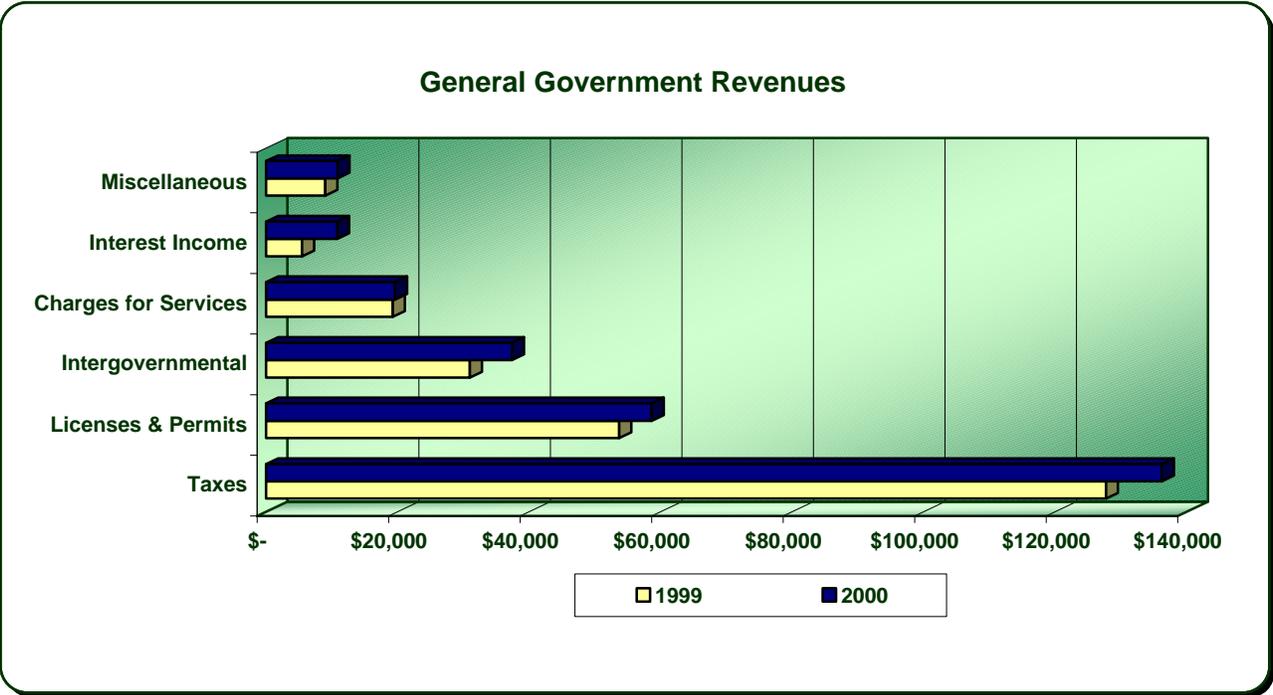
**Acknowledgments.** The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also should be given the Commission President and entire Jefferson County Commission for their interest and support in planning and conducting the operations of Jefferson County in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve Saylor". The signature is written in a cursive, flowing style with a large initial "S".

Steve Saylor  
Finance Director

**Jefferson County, Alabama**  
**General Government Functions**  
**Fiscal Year Ended September 30, 2000 and 1999**  
(In Thousands)



**Jefferson County, Alabama  
County Officials  
September 30, 2000**

**Jefferson County Board of Commissioners**

**Gary White, President  
Jeff Germany, President Pro Tempore**

**Mary M. Buckelew  
Bettye Fine Collins  
Chris McNair**

**Administrative**

Otis Brown ..... Board of Equalization, Chairperson  
Nell Hunter ..... Board of Registrars, Chairperson  
Sylvester Kyneard ..... Central Laundry, Superintendent  
Robert Lunsford ..... Community Development, Director  
Dr. Max Michael ..... Cooper Green Hospital, Chief Executive Officer  
Dr. Robert Brissie ..... Coroner/Medical Examiner, Coroner  
Edwin A. Strickland ..... County Attorney's Office, County Attorney  
Patrick Nicovich ..... County Nursing Home, Director  
Jack Swann ..... Environmental Services, Director  
Samuel Dipiazza ..... Family Court, Chief Probation Officer  
Stephen F. Saylor ..... Finance Department, Director  
Billy Morace ..... General Services, Director  
Wayne Cree ..... Information Services, Chief Information Officer  
William Mullins ..... Inspection Services, Director  
Frank Humber ..... Land Development/Planning, Director  
Linda Hand ..... Law Library, Law Librarian  
Barbara Martin ..... Office of Senior Citizens Services, Director  
Randy Godeke ..... Revenue Department, Director  
Wayne Sullivan ..... Roads and Transportation, Director  
Tommy Rouse ..... Youth Detention Center, Director

**Appointed**

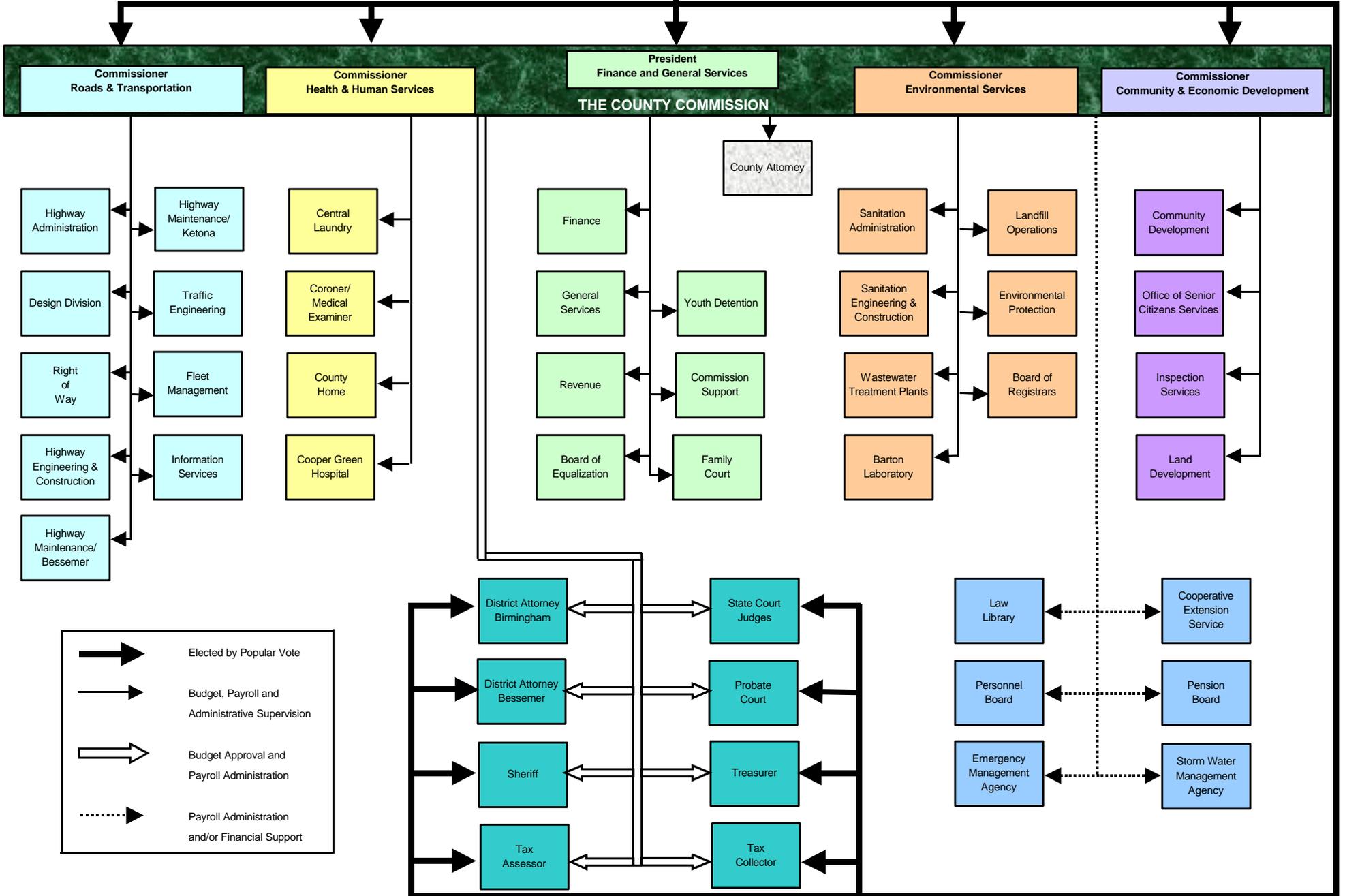
Elwood Odom ..... Emergency Management Agency, EMA Coordinator  
Cathy Crumley ..... Pension Board, Pension Coordinator  
Ben Payton ..... Personnel Board, Director  
Agnes Miller ..... State Courts, Court Administrator

**Elected**

Samuel Russell ..... District Attorney, Bessemer District  
David Barber ..... District Attorney, Birmingham District  
George Reynolds ..... Probate Court, Probate Judge 1  
Jim Woodward ..... Sheriff Department, Sheriff  
Charles Crim ..... Tax Assessor's Office, Tax Assessor  
Jack Williams ..... Tax Collector's Office, Tax Collector  
Barry Stephenson ..... Treasurer's Office, Treasurer

# JEFFERSON COUNTY, ALABAMA

ELECTORATE



	Elected by Popular Vote
	Budget, Payroll and Administrative Supervision
	Budget Approval and Payroll Administration
	Payroll Administration and/or Financial Support

# **RESPONSIBILITIES OF JEFFERSON COUNTY**

## **The Jefferson County Commission**

The governing body of the County is the County Commission. The five commissioners are elected from five districts within the County for four-year terms. The present commissioners are President Gary White, and Commissioners Mary M. Buckelew, Bettye Fine Collins, Jeff Germany and Chris McNair.

The major responsibilities of the County Commission are to administer the County's finances; serve as custodian of all the County's property; collect taxes as set by state law; allocate resources for the construction of buildings, roads and other facilities; provide for the delivery of services that by law are the County's responsibility (such as sewer services, medical care, care for the indigent and law enforcement); and make appointments to various governmental boards and agencies.

As of October 1, 2000 the County employed approximately 4,100 individuals. The County's employees perform tasks in five areas of County government. These areas are the Department of Finance and General Services, the Department of Roads and Transportation, the Department of Environmental Services, the Department of Health and Human Services and the Department of Community and Economic Development. A description of each area follows:

## **The Department of Finance and General Services**

The Department of Finance and General Services is responsible for the administration of the financial affairs of the County, the management of the public buildings of the County and the maintenance of the accounting records of the County. The Department supervises the operations of the County Revenue Department which collects a number of state and local taxes (such as sales and use taxes and other excise taxes), as well as the Finance Department. For the most part, the activities of the department are supported with monies from the General Fund of the County. The President of the County Commission, Gary White, has been assigned the responsibility of the Department of Finance and General Services.

## **The Department of Roads and Transportation**

The Department of Roads and Transportation is responsible for the construction and maintenance within the unincorporated area of the County of public highways, streets and bridges. Commissioner Mary M. Buckelew has been assigned the responsibility of this department. The various divisions which constitute the department, including the Administrative Division, the Design Division, the Right-of-Way Division, the Highway Engineering Division, the Highway Maintenance Divisions, the Traffic Division and the Fleet Management Division, are supported with monies from the Road Fund and the General Fund.

## **The Department of Environmental Services**

The Department of Environmental Services is responsible for the construction, operation and maintenance within the County of landfills, sewage disposal plants and sewage lines. Commissioner Chris McNair has been assigned the responsibility of this department. The activities of this department are financed through the Sanitary Operations Fund and Landfill Operations Fund.

## **The Department of Health and Human Services**

The Department of Health and Human Services, which is the responsibility of Commissioner Jeff Germany, supervises certain health care institutions and agencies of the County. Two of the institutions subject to the supervision of the department are the County nursing home in Ketona, Alabama (the "County Home") and Cooper Green Hospital, which provides medical care for indigent residents of the County. Cooper Green Hospital and the County Home are supported from the Indigent Care Fund of the County, with deficiencies being supported from the General Fund of the County.

## **The Department of Community and Economic Development**

The Department of Community and Economic Development is responsible for the activities of the County in a number of different areas related to the growth and development of the County. Commissioner Bettye Fine Collins has been assigned the responsibility for this department, which includes the County's offices for land development and inspection services. The Department also supervises the Office of Community Development, which administers federal community development funds for capital improvements in the County, and the Office of Senior Citizens' Services, which is responsible for the development and implementation of programs to provide services for the elderly residents of the County. The department is also responsible for ensuring that certain housing facilities for persons of low or moderate income are operated in compliance with the requirements of the Internal Revenue Code applicable to private activity bonds issued to finance the costs of such facilities.

**GOVERNMENT FINANCE OFFICERS ASSOCIATION**  
**AWARD FOR**  
**DISTINGUISHED BUDGET PRESENTATION**

**For the Fiscal Year Beginning October 1, 1999**

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Jefferson County, Alabama for its annual budget for the fiscal year beginning October 1, 1999.

In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

**PRESENTED TO  
Jefferson County,  
Alabama**

**For the Fiscal Year Beginning  
October 1, 1999**

*Anna Spray Kinney* *Jeffrey L. Eselle*  
President Executive Director