

DEKALB COUNTY HOSPITAL ASSOCIATION

Financial Statements and Other Financial Information

December 31, 2020 and 2019

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
FINANCIAL STATEMENTS	
• Statements of Net Position.....	9
• Statements of Revenues, Expenses, and Changes in Net Position.....	11
• Statements of Cash Flows	12
NOTES TO FINANCIAL STATEMENTS	14
REQUIRED SUPPLEMENTARY INFORMATION	
• Schedule of Net Pension Liability	32
• Schedule of Changes in Net Pension Liability.....	33
• Schedule of Employer Contributions.....	35
• Schedule of Pension Investment Returns.....	36
• Note to Required Supplementary Information - Pension Plan Practices	37
OTHER INFORMATION	
• Schedule of Operating Expenses	39
• Schedule of Board Members (Unaudited)	40
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	41

INDEPENDENT AUDITORS' REPORT

Board of Directors
DeKalb County Hospital Association
Fort Payne, Alabama

Report on the Financial Statements

We have audited the accompanying statements of net position of DeKalb County Hospital Association as of December 31, 2020 and 2019 and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DeKalb County Hospital Association as of December 31, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Other Information section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of operating expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating expenses is fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of board members has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2021 on our consideration of DeKalb County Hospital Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering DeKalb County Hospital Association's internal control over financial reporting and compliance.

BMSS, LLC

Huntsville, Alabama
August 12, 2021

DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE
Management's Discussion and Analysis
December 31, 2020 and 2019

Nature of Operations

DeKalb Ambulance Service provides ambulance transportation to all citizens in DeKalb County and surrounding county borders.

Overview of the Financial Statements

The annual report includes the independent auditors' report and the financial statements of the DeKalb County Hospital Association DBA DeKalb Ambulance Service (Association). The statements of net position include all of the Association's assets and liabilities. It also provides the basis for evaluating the capital structure of the Association and financial flexibility of the Association. All of the current year revenues and expenses are accounted for in the statements of revenues, expenses, and changes in net position.

Comparison to Prior Fiscal Year

Revenues come mainly from ambulance transports, but DeKalb Ambulance Service does receive ad valorem taxes which are included in non-operating revenues. Patient revenues increased by 7.3% from 2019. The alternate transportation service provided by DeKalb Ambulance Service did not see continued growth in 2020 due to the COVID-19 pandemic. The ad valorem revenue received in 2020 increased 2.2% from 2019. Other operating revenues increased 161.5% due to FEMA deployment and the CARES ACT Provider Relief Fund. Operating expenses had a 2.5% increase from 2019.

Economic Outlook

DeKalb Ambulance Service expects ambulance runs to remain the same or have a small increase from 2020. The alternate transport service is expected to rebound from the 2020 COVID-19 pandemic. DeKalb Ambulance Service will continue to look at opportunities to diversify into other health-care related areas.

Comparison to Budget

The goal of the 2020 budget was to estimate with a greater precision the revenues, expenses, and capital improvements for DeKalb Ambulance Service. Revenue exceeded the amount budgeted, but expenses were less than the amount budgeted.

Fixed Assets

Fixed assets additions in 2020 included two gasoline transit ambulances in an effort to reduce maintenance costs resulting from DEF emission issues. Two wheelchair vans were purchased to increase the alternate transportation service fleet. Two Stryker stretchers were replaced during the year. Two laptops for the ambulance crews were replaced. Construction began for the new station in Rainsville that will house an ambulance crew and alternate transportation service.

DEKALB COUNTY HOSPITAL ASSOCIATION**DBA DEKALB AMBULANCE SERVICE**

Management's Discussion and Analysis

December 31, 2020 and 2019

(Continued)

Condensed Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Assets				
Current and other assets	\$ 4,900,326	\$ 5,394,737	\$ (494,411)	-9.16%
Net property, plant, and equipment	4,307,208	3,547,848	759,360	21.40%
Deferred outflows of resources	<u>248,590</u>	<u>178,205</u>	<u>70,385</u>	39.50%
Total assets	<u><u>\$ 9,456,124</u></u>	<u><u>\$ 9,120,790</u></u>	<u><u>\$ 335,334</u></u>	3.68%
Liabilities				
Current liabilities	\$ 401,908	\$ 326,484	\$ 75,424	23.10%
Deferred inflows of resources	<u>437,636</u>	<u>430,272</u>	<u>7,364</u>	1.71%
Total liabilities and deferred inflows of resources	<u><u>\$ 839,544</u></u>	<u><u>\$ 756,756</u></u>	<u><u>\$ 82,788</u></u>	10.94%
Net Position				
Net investment in capital assets	\$ 4,307,208	\$ 3,547,848	\$ 759,360	21.40%
Unrestricted	<u>4,309,372</u>	<u>4,816,186</u>	<u>(506,814)</u>	-10.52%
Total net position	<u><u>\$ 8,616,580</u></u>	<u><u>\$ 8,364,034</u></u>	<u><u>\$ 252,546</u></u>	3.02%

DEKALB COUNTY HOSPITAL ASSOCIATION**DBA DEKALB AMBULANCE SERVICE**

Management's Discussion and Analysis

December 31, 2020 and 2019

(Continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating revenues				
Patient revenue, net	\$ 3,593,613	\$ 3,348,500	\$ 245,113	7.32%
Other	<u>262,619</u>	<u>100,434</u>	<u>162,185</u>	<u>161.48%</u>
Totals	3,856,232	3,448,934	407,298	11.81%
Operating expenses	5,311,964	5,182,263	129,701	2.50%
Non-operating revenues				
Ad valorem taxes	(1,600,871)	(1,566,857)	(34,014)	2.17%
Other	<u>(107,407)</u>	<u>(98,858)</u>	<u>(8,549)</u>	<u>8.65%</u>
Totals	<u>3,603,686</u>	<u>3,516,548</u>	<u>87,138</u>	<u>2.48%</u>
Increase (decrease) in net position	<u>\$ 252,546</u>	<u>\$ (67,614)</u>	<u>\$ 320,160</u>	<u>-473.51%</u>

The financial statements and the condensed statements of net position are designed to provide a basic overview of the Association's finances. The 2020 and 2019 statement amounts are taken from audited financial statements prepared by BMSS, LLC. Any requests for additional information or questions concerning these statements should be addressed to Andrea Williams, CFO, P.O. Box 680643, Fort Payne, AL 35968.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Statements of Net Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 3,926,390	\$ 4,250,741
Patient receivables net of allowance for uncollectible accounts of \$925,000 and \$825,000 at December 31, 2020 and 2019, respectively	275,574	266,695
Accrued ad valorem tax receivable	584,666	598,954
Prepaid assets	15,434	26,436
	4,802,064	5,142,826
Property and equipment		
Land and land improvements	1,332,153	1,332,153
Buildings	2,623,707	2,623,707
Furniture and fixtures	272,711	288,286
Vehicles	1,908,922	1,808,885
Equipment	661,949	658,603
Mechanics tools	52,505	52,505
Construction in progress	876,576	-
	7,728,523	6,764,139
Less accumulated depreciation	3,421,315	3,216,291
Property and equipment, net	4,307,208	3,547,848
Other assets		
Net pension asset	97,545	251,194
Utility deposit	717	717
	98,262	251,911
Total assets	9,207,534	8,942,585
Deferred Outflows of Resources		
Contributions to pension plan subsequent to plan measurement date	16,071	9,405
Net difference between projected and actual earnings on pension plan investments	182,066	98,165
Differences between expected and actual experience in the total pension asset	50,453	70,635
Total deferred outflows of resources	248,590	178,205
Total assets and deferred outflows of resources	\$ 9,456,124	\$ 9,120,790

See notes to financial statements.

	<u>2020</u>	<u>2019</u>
Liabilities and Net Position		
Current liabilities		
Accounts payable	\$ 184,591	\$ 47,707
Accrued salaries and wages	34,406	129,584
Accrued expenses	182,911	149,193
Total liabilities	<u>401,908</u>	<u>326,484</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	437,636	430,272
Net Position		
Net investment in capital assets	4,307,208	3,547,848
Unrestricted	4,309,372	4,816,186
Total net position	<u>8,616,580</u>	<u>8,364,034</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 9,456,124</u>	<u>\$ 9,120,790</u>

DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
Net patient revenues	\$ 3,593,613	\$ 3,348,500
Other	262,619	100,434
	3,856,232	3,448,934
Expenses		
Operating expenses	5,311,964	5,182,263
	(1,455,732)	(1,733,329)
Non-operating Revenues		
Ad valorem taxes	1,600,871	1,566,857
Rental income	65,210	64,057
Gain (loss) on sale of asset	24,200	(15,148)
Interest income	17,997	49,674
Donations	-	275
	1,708,278	1,665,715
Increase (Decrease) in Net Position	252,546	(67,614)
Net Position - Beginning of Year	8,364,034	8,431,648
Net Position - End of Year	\$ 8,616,580	\$ 8,364,034

See notes to financial statements.

DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE
 Statements of Cash Flows
 Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Cash received from customers	\$ 3,847,353	\$ 3,389,445
Cash paid for operating expenses to vendors and employees	(4,682,999)	(4,616,187)
Net cash used in operating activities	(835,646)	(1,226,742)
Cash Flows from Noncapital Financing Activities		
Ad valorem taxes	1,615,159	1,570,952
Donations	-	275
Net cash provided by noncapital financing activities	1,615,159	1,571,227
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of fixed assets	24,200	20,650
Capital expenditures	(1,211,271)	(1,084,266)
Net cash used in capital and related financing activities	(1,187,071)	(1,063,616)
Cash Flows from Investing Activities		
Interest received	17,997	49,674
Rental income received	65,210	64,057
Net cash provided by investing activities	83,207	113,731
Net decrease in cash and cash equivalents	(324,351)	(605,400)
Cash and cash equivalents at beginning of year	4,250,741	4,856,141
Cash and cash equivalents at end of year	\$ 3,926,390	\$ 4,250,741

See notes to financial statements.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(Continued)

	2020	2019
Reconciliation of Loss from Operations to		
Cash used in Operating Activities		
Cash flows from operating activities		
Loss from operations	\$ (1,455,732)	\$ (1,733,329)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Bad debts	994,387	1,207,482
Depreciation	451,911	490,348
Changes in operating assets and liabilities:		
Accounts receivable	(1,003,266)	(1,266,971)
Prepaid assets	11,002	9,493
Accounts payable	136,884	(13,437)
Accrued expenses	(61,460)	46,132
Net pension asset	153,649	65,964
Deferred outflows of resources	(70,385)	46,592
Deferred inflows of resources	7,364	(79,016)
	\$ (835,646)	\$ (1,226,742)

See notes to financial statements.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of DeKalb County Hospital Association (the Association) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The more significant of the Association's accounting policies are described below. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The Association's reporting entity applies all relevant GASB pronouncements.

Nature of Activities

The Association operates DeKalb Ambulance Service primarily for the residents of DeKalb County, Alabama and surrounding counties by means of service billings and tax mileage.

Organization

The DeKalb County Hospital Association is organized and operates as a nonprofit corporation under the provisions of the Code of Alabama 1975, Section 22-21-100, and is exempt from income taxes under the applicable provisions of the Internal Revenue Code and the Code of Alabama.

Basis of Accounting

The Association utilizes the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Pensions

The Employees' Retirement System of Alabama (the Plan or ERS) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the Plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with the requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Comprehensive Annual Financial Report.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Association has three items that qualify for reporting in this category. They are (1) the contributions to the pension plan subsequent to the Plan measurement date (2) the net difference between projected and actual earnings on Plan investments, and (3) differences between expected and actual experience in the total pension liability.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflow of resources (revenue) until that time. The Association has only one item that qualified for reporting in this category as of December 31, 2020 and 2019. It is the excess of actual earnings over projected earnings on pension plan investments.

Net Position Classifications

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Association reports two categories of net position, as follows:

- *Net investment in capital assets* - Capital assets, including restricted capital assets, reduced by accumulated depreciation and by outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Any significant unspent related debt proceeds or inflows of resources at year end related to capital assets are not included in this calculation.
- *Unrestricted net position* - the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net assets may be designated for specific purposes by action of management or the Association.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements

December 31, 2020 and 2019

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Concentration of Credit Risk

The Association provides ambulance and emergency medical services to the residents of DeKalb and surrounding counties. Due to the nature of the services provided, credit evaluations of patients prior to the rendering of services are not possible. No single patient is responsible for generating a significant portion of operating revenues, but a significant portion of the residents of DeKalb and surrounding counties are insured by Medicare and/or Medicaid. As a result, DeKalb County Hospital Association is dependent on the Medicare and Medicaid programs for a significant portion of operating revenues.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Association provides an allowance for possible collection losses based on management's estimate of the amounts that will be uncollectible. The estimate is based on experience, economic conditions, and other relevant factors. Because of the inherent uncertainties in estimating these losses, it is at least reasonably possible that the estimates used will change in the near term.

Cash and Cash Equivalents

The Association considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balances reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The Association has never experienced any losses related to these balances.

Allowance for Possible Collection Losses

The allowance for possible collection losses is maintained at a level believed by management to absorb potential losses. Management's determination of the adequacy of the allowance is based on loss experience, current economic conditions and other relevant factors. The allowance is increased by the provision for losses charged to operations and is decreased by the actual charge-offs less any amounts recovered from accounts previously charged off.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements

December 31, 2020 and 2019

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and include expenditures which substantially increase the useful lives of existing property and equipment. Maintenance, repairs and minor renovations are charged to income as incurred. When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any gain or loss on the disposition is credited or charged to income. The Association provides for depreciation of property and equipment using the straight-line method designed to amortize costs over estimated useful lives as follows: mechanics tools, equipment, and vehicles, 5 years; furniture and fixtures, 3 to 7 years; land improvements, 15 years; and buildings, 40 years.

Investments

Statutes authorize the Association to invest in obligations of the U.S. Treasury, federal agency securities, and interest-bearing deposits and certificates of deposit of any bank organized under the laws of the United States, or any state, and securities of the corporation.

Advertising Costs

All costs related to marketing and advertising are expensed in the period incurred and totaled \$1,840 and \$876 for the years ended December 31, 2020 and 2019, respectively.

Operating Revenues and Expenses

The Association's statement of revenues, expenses, and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing ambulance services, the Association's principal activity. Nonexchange revenues, including ad valorem taxes received from the DeKalb County Commission and rent from property leased to the hospital are reported as non-operating revenues. Operating expenses are all expenses incurred to provide ambulance services, other than financing costs.

NOTE 2 - DEPOSITS

At December 31, 2020, the carrying amount of the Association's deposits totaled \$3,926,390 and the bank balance totaled \$3,965,929.

At December 31, 2020, the entire bank balance of the Association was covered by federal depository insurance or by collateral held as part of the Security for Alabama Funds Enhancement Act (SAFE Program). This program insures all accounts specified as public funds for the majority of banks located within the State of Alabama.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 3 - NET PATIENT SERVICE REVENUE

The Association receives payments from third-party payors that differ from its established rates. These rates vary according to a patient classification system based on emergency status. The differences between the established rates and the contractual rates are accounted for through contractual allowances.

Medicare and Medicaid - Ambulance services rendered to Medicare and Medicaid program beneficiaries are paid at annual determined rates. Contractual adjustments to patient billings represent the difference between the amounts actually billed and amounts approved for services. Medicare and Medicaid pay approximately 74% and 29% of the billed amounts, respectively.

Blue Cross Blue Shield - Services provided to Blue Cross Blue Shield subscribers are reimbursed at approximately 80% of the billed amount (after deductibles) and patients are billed for the remaining balance.

Patient service revenue recognized during the years ended December 31, 2020 and 2019 from major payor sources consisted of the following:

	2020	2019
Medicare	\$ 1,220,882	\$ 1,440,302
Medicaid	274,875	318,002
Blue Cross Blue Shield	739,996	803,560
Patient	783,028	827,409
Other health coverage providers	1,504,136	1,066,172
Contract services	65,083	100,537
	\$ 4,588,000	\$ 4,555,982

Patient revenues are shown net of contractual allowances and discounts but before the provision for bad debts which totaled \$994,387 and \$1,207,482 for the years ended December 31, 2020 and 2019, respectively.

Laws and regulations governing Medicare and Medicaid programs are extremely complex and subject to interpretation. The Association believes that it is in compliance with all applicable laws and regulations and is not aware of any material pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid program.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019

(Continued)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020:

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2020</u>
Property and equipment				
Land and land improvements	\$ 1,332,153	\$ -	\$ -	\$ 1,332,153
Buildings	2,623,707	-	-	2,623,707
Furniture and fixtures	288,286	5,382	(20,957)	272,711
Vehicles	1,808,885	294,920	(194,883)	1,908,922
Equipment	658,603	34,393	(31,047)	661,949
Mechanics tools	52,505	-	-	52,505
CIP	-	876,576	-	876,576
	<hr/>	<hr/>	<hr/>	<hr/>
Total property and equipment	6,764,139	1,211,271	(246,887)	7,728,523
Accumulated depreciation				
Land improvements	43,973	4,859	-	48,832
Buildings	1,341,161	70,988	-	1,412,149
Furniture and fixtures	122,048	33,934	(20,957)	135,025
Vehicles	1,091,452	293,054	(194,884)	1,189,622
Equipment	565,588	48,641	(31,046)	583,183
Mechanics tools	52,069	435	-	52,504
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	3,216,291	451,911	(246,887)	3,421,315
	<hr/>	<hr/>	<hr/>	<hr/>
Property and equipment, net	<u>\$ 3,547,848</u>	<u>\$ 759,360</u>	<u>\$ -</u>	<u>\$ 4,307,208</u>

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 4 - PROPERTY AND EQUIPMENT - Continued

Property and equipment consisted of the following at December 31, 2019:

	<u>January 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2019</u>
Property and equipment				
Land and land improvements	\$ 920,795	\$ 411,358	\$ -	\$ 1,332,153
Buildings	2,284,512	339,195	-	2,623,707
Furniture and fixtures	294,325	-	(6,039)	288,286
Vehicles	1,689,876	317,723	(198,714)	1,808,885
Equipment	614,593	44,010	-	658,603
Mechanics tools	52,505	-	-	52,505
CIP	28,020	-	(28,020)	-
	<u>5,884,626</u>	<u>1,112,286</u>	<u>(232,773)</u>	<u>6,764,139</u>
Total property and equipment				
Accumulated depreciation				
Land improvements	39,114	4,859	-	43,973
Buildings	1,273,335	67,826	-	1,341,161
Furniture and fixtures	89,382	38,184	(5,518)	122,048
Vehicles	968,121	286,768	(163,437)	1,091,452
Equipment	473,748	91,840	-	565,588
Mechanics tools	51,198	871	-	52,069
	<u>2,894,898</u>	<u>490,348</u>	<u>(168,955)</u>	<u>3,216,291</u>
Total accumulated depreciation	<u>2,894,898</u>	<u>490,348</u>	<u>(168,955)</u>	<u>3,216,291</u>
Property and equipment, net	<u><u>\$ 2,989,728</u></u>	<u><u>\$ 621,938</u></u>	<u><u>\$ (63,818)</u></u>	<u><u>\$ 3,547,848</u></u>

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements

December 31, 2020 and 2019

(Continued)

NOTE 5 - LEASES

The Association entered into a long-term lease agreement with Baptist Medical Center – DeKalb (BMC) on July 1, 1983 in which the Association would provide ambulance services for the hospital and provide the hospital with land to build a new hospital. In turn, BMC agreed to construct a suitable building to be used as a general hospital. As of February 22, 2006, BMC and certain related assets were sold to Community Health Systems (CHS). The lease between the Association and BMC was terminated and a subsequent lease between the Association and CHS was entered into. The term of the new lease is fifty years commencing February 24, 2006. The term of the lease will automatically renew for successive periods of up to five additional terms of ten years unless CHS delivers to the Association written notice of non-renewal at least three hundred sixty-five days before the end of the current term. The lease payments are \$50,000 per year adjusted annually to reflect changes in the Consumer Price Index.

The lease payments are included in rental income for the years ended December 31, 2020 and 2019, and totaled \$65,210 and \$64,057, respectively.

NOTE 6 - PENSION PLAN

General Information about the Pension Plan

Plan description. The Employees' Retirement System of Alabama, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 13 trustees. Effective October 1, 2021 Act 390 of the Legislature of 2021 will create two additional representatives by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 13 trustees as follows:

- 1) The Governor, ex officio.
- 2) The State Treasurer, ex officio.
- 3) The State Personnel Director, ex officio.
- 4) The State Director of Finance, ex officio.
- 5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 6 - PENSION PLAN - Continued

General Information about the Pension Plan - Continued

- 6) Six members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
 - a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
 - b. Two vested active state employees.
 - c. Two vested active employees of an employer participating in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits Provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 6 - PENSION PLAN - Continued

General Information about the Pension Plan - Continued

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 590 employers adopted Act 2019-132.

The ERS serves approximately 853 local participating employers. The ERS membership includes approximately 101,245 participants. As of September 30, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	28,672
Terminated employees entitled to but not yet receiving benefits	1,974
Terminated employees not entitled to a benefit	14,133
Active members	56,369
Post-DROP retired members still in active service	97
	<u>101,245</u>

The Association's membership as of the measurement date of September 30, 2020 consisted of:

Retired members and beneficiaries currently receiving benefits	8
Vested inactive members	9
Non-vested inactive members	25
Active members	62
Total	<u>104</u>

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 6 - PENSION PLAN - Continued

General Information about the Pension Plan - Continued

Contributions. Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Employers participating in the ERS pursuant to Code of Alabama 1975, Section 36-27-6 were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676 Tier 1 regular members contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 firefighters and law enforcement officers increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contribution rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended December 31, 2020, the Association's active employee contribution rate was 5.55% of covered employee payroll, and the Association's average contribution rate to fund the normal and accrued liability costs was 0.97% of covered employee payroll.

The Association's contractually required contribution rate for the year ended December 31, 2020 was 2.83% of pensionable pay for Tier 1 employees, and 0.37% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Association totaled \$47,484 for the year ended December 31, 2020.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 6 - PENSION PLAN - Continued

Net Pension Liability

The Association's net pension liability at December 31, 2020 was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, rolled forward to September 30, 2020 using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Act 2019-132	Actual After Act 2019-132
(a) Total pension liability as of September 30, 2019	\$ 4,328,138	\$ 4,225,790	\$ 4,360,622
(b) Discount rate	7.70%	7.70%	7.70%
(c) Entry age normal cost for October 1, 2019 - September 30, 2020	199,799	199,799	231,636
(d) Transfers among employers	-	(4,897)	(4,897)
(e) Actual benefit payments and refunds for October 1, 2019 - September 30, 2020	(212,474)	(212,474)	(212,474)
(f) Total pension liability as of September 30, 2020 [(a) x (1+(b))] + (c) + (d)+ [(e) x (1 + 0.5*(b))]	\$ 4,640,549	\$ 4,525,423	\$ 4,702,474
(g) Difference between expected and actual:		\$ (115,126)	
(h) Less liability transferred for immediate recognition:		(4,897)	
(i) Difference between expected and actual - experience (gain)/loss = (g) - (h)		\$ (110,229)	
(j) Difference between actual total pension liability before and after Act 2019-132 - benefit change (gain)/loss			\$ 177,050

Actuarial assumptions. The total pension liability in the September 30, 2020 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2019. The key actuarial assumptions are summarized below:

Inflation	2.75%
Projected salary increases	3.25% - 5.00%
Investment rate of return*	7.70%

*Net of pension plan investment expense.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 6 - PENSION PLAN - Continued

Net Pension Liability - Continued

Mortality rates were based on the sex distinct RP-2000 Blue Collar Mortality Table Projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females ages 78 and older. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disabled Retiree Mortality Table Projected with Scale BB to 2020 with an adjustment of 130% at all ages for females.

The actuarial assumptions used in the actuarial valuation as of September 30, 2018, were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015. The Board of Control accepted and approved these changes in September 2016, which became effective at the beginning of fiscal year 2016.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	17.00%	4.40%
U.S. large stocks	32.00%	8.00%
U.S. mid stocks	9.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stocks	12.00%	9.50%
International emerging market stocks	3.00%	11.00%
Alternatives	10.00%	10.10%
Real estate	10.00%	7.50%
Cash equivalents	3.00%	1.50%
Total	100.00%	

* Includes assumed rate of inflation of 2.50%

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 6 - PENSION PLAN - Continued

Net Pension Liability - Continued

Discount rate. The discount rate used to measure the total pension liability was the long-term rate of return, 7.70%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Association's net pension asset consisted of the following at September 30, 2020:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balances at September 30, 2019	\$ 4,328,138	\$ 4,579,332	\$ (251,194)
Changes for the year:			
Service cost	199,799	-	199,799
Interest	325,086	-	325,086
Changes of benefit terms	177,050	-	177,050
Changes of assumptions	-	-	-
Differences between expected and actual experience	(110,229)	-	(110,229)
Contributions - employer	-	32,626	(32,626)
Contributions - employee	-	144,894	(144,894)
Net investment income	-	260,537	(260,537)
Benefit payments, including refunds of employee contributions	(212,474)	(212,474)	-
Administrative expense	-	-	-
Transfers among employers	(4,897)	(4,897)	-
Net changes	374,335	220,686	153,649
Balances at September 30, 2020	<u>\$ 4,702,473</u>	<u>\$ 4,800,018</u>	<u>\$ (97,545)</u>

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 6 - PENSION PLAN - Continued

Net Pension Liability - Continued

Sensitivity of the net pension liability to changes in the discount rate. The following table presents the Association's net pension liability calculated using the discount rate of 7.70%, as well as what the Association's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.70%) or one-percentage-point higher (8.70%) than the current rate:

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Plan's net pension liability (asset)	\$ 595,433	\$ (97,545)	\$ (657,924)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. 2020. The auditor's report dated April 30, 2021 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at <http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/>.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2020, the Association recognized pension expense of \$90,628. At December 31, 2020, the Association reported deferred outflows and deferred inflows of resources related to pension of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,453	\$ 437,636
Changes of assumptions	33,490	-
Net difference between projected and actual earnings on Plan investments	148,576	-
Employer contributions subsequent to the measurement date	16,071	-
	\$ 248,590	\$ 437,636

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 6 - PENSION PLAN - Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Amounts reported as deferred outflows of resources to pensions will be recognized in pension expense as follows for the years ending December 31:

2022	\$	(60,272)
2023		(22,373)
2024		(19,947)
2025		(48,466)
2026		(38,746)
Thereafter		(15,313)
	<u>\$</u>	<u>(205,117)</u>

NOTE 7 - ACCUMULATED EARNED TIME OFF (ETO)

All full-time employees can earn annual leave at a rate which varies from 10 to 18 hours per month depending on duration and type of employment, with accumulation limited to four times their annual accrual. An employee may cash out any ETO balances if they have taken at least 24 hours of pre-scheduled ETO during the calendar year and have at least 40 hours of ETO in reserve at the time of cash-out. Payment is made to employees for unused ETO at termination or retirement if certain conditions have been met. The accrued liability recorded for accumulated ETO is included in accrued expenses in the accompanying financial statements.

NOTE 8 - AD VALOREM TAX REVENUES

The Association receives certain property tax revenues from the DeKalb County Commission and has agreed to give the Commission one fourth of such ad valorem tax revenues to provide local support to the DeKalb County Health Board, the Cherokee-Etowah-DeKalb Counties Mental Health Board, Inc., and the DeKalb County Council on Alcoholism and Drug Abuse.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Notes to Financial Statements
December 31, 2020 and 2019
(Continued)

NOTE 9 - RISK MANAGEMENT

The Association is exposed to various risks of loss related to torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Association purchases coverage of risks of loss related to torts and malpractice, theft of, damage to, and destruction of assets from McNeil and Company. The Association purchases coverage of risk of loss related to worker's compensation claims through The Sheffield Group.

NOTE 10 - RISKS AND UNCERTAINTIES

A novel strain of coronavirus, COVID-19, emerged in the United States in early 2020. The extent of the impact of COVID-19 on the Association's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its customers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Association's financial condition or results of operations in the near term is uncertain.

NOTE 11 - SUBSEQUENT EVENTS

Management evaluated subsequent events through August 12, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE
Schedule of Net Pension Liability
December 31, 2020 and 2019

Actuarial Valuation as of September 30	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability	Plan Net Position as a % of Total Pension Liability	Covered Employee Payroll	Net Pension (Asset) Liability as a % of Covered Employee Payroll
2020	\$ 4,702,473	\$ 4,800,018	\$ (97,545)	102.07%	\$ 2,611,024	-3.74%
2019	4,328,138	4,579,332	(251,194)	105.80%	2,526,245	-9.94%
2018	4,252,569	4,569,727	(317,158)	107.46%	2,429,821	-13.05%
2017	3,932,912	4,134,158	(201,246)	105.12%	2,360,076	-8.53%
2016	4,063,036	3,844,121	218,915	94.61%	2,156,728	10.15%
2015	4,179,922	3,747,540	432,382	89.66%	2,151,648	20.10%
2014	3,637,450	3,738,670	(101,220)	102.78%	2,053,137	-4.93%

Note to Schedule:
Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE
Schedule of Changes in Net Pension Liability
Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 199,799	\$ 201,716	\$ 172,462	\$ 160,467	\$ 199,128	\$ 197,885	\$ 175,104
Interest	325,086	317,279	299,382	304,884	328,232	286,459	259,460
Changes of benefit terms	177,050	-	-	-	-	-	-
Difference between expected and actual experience	(110,229)	(150,962)	(45,047)	(224,711)	(248,262)	171,545	-
Changes of assumptions	-	-	28,246	-	39,517	-	-
Benefit payments, including refunds of employee contributions	(212,474)	(264,135)	(139,844)	(258,102)	(154,033)	(113,417)	(80,727)
Transfers among employers	(4,897)	(28,329)	4,458	(112,662)	(281,468)	-	-
Net Change in Total Pension Liability	374,335	75,569	319,657	(130,124)	(116,886)	542,472	353,837
Total Pension Liability - Beginning	4,328,138	4,252,569	3,932,912	4,063,036	4,179,922	3,637,450	3,283,613
Total Pension Liability - Ending (a)	<u>\$ 4,702,473</u>	<u>\$ 4,328,138</u>	<u>\$ 4,252,569</u>	<u>\$ 3,932,912</u>	<u>\$ 4,063,036</u>	<u>\$ 4,179,922</u>	<u>\$ 3,637,450</u>
Plan Fiduciary Net Position							
Contributions - employer	\$ 32,626	\$ 44,454	\$ 58,649	\$ 62,113	\$ 56,136	\$ 39,429	\$ 81,295
Contributions - member	144,894	141,638	127,358	118,649	108,104	111,343	105,297
Net investment income	260,537	115,977	384,948	480,039	367,842	44,145	394,024
Benefit payments, including refunds of employee contributions	(212,474)	(264,135)	(139,844)	(258,102)	(154,033)	(113,417)	(80,727)
Transfers among employers	(4,897)	(28,329)	4,458	(112,662)	(281,468)	(72,630)	15,593
Net Change in Plan Fiduciary Net Position	220,686	9,605	435,569	290,037	96,581	8,870	515,482
Plan Net Position - Beginning	4,579,332	4,569,727	4,134,158	3,844,121	3,747,540	3,738,670	3,223,188
Plan Net Position - Ending (b)	<u>\$ 4,800,018</u>	<u>\$ 4,579,332</u>	<u>\$ 4,569,727</u>	<u>\$ 4,134,158</u>	<u>\$ 3,844,121</u>	<u>\$ 3,747,540</u>	<u>\$ 3,738,670</u>
Net Pension (Asset) Liability (a) - (b)	<u>\$ (97,545)</u>	<u>\$ (251,194)</u>	<u>\$ (317,158)</u>	<u>\$ (201,246)</u>	<u>\$ 218,915</u>	<u>\$ 432,382</u>	<u>\$ (101,220)</u>

DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE
Schedule of Changes in Net Pension Liability
Years Ended December 31
(Continued)

	2020	2019	2018	2017	2016	2015	2014
Plan fiduciary net position as a percentage of the total pension (asset) liability	102.07%	105.80%	107.46%	105.12%	94.61%	89.66%	102.78%
Covered-employee payroll*	\$ 2,611,024	\$ 2,526,245	\$ 2,429,821	\$ 2,360,076	\$ 2,156,728	\$ 2,151,648	\$ 2,053,137
Net pension liability as a percentage of covered-employee payroll	-3.74%	-9.94%	-13.05%	-8.53%	10.15%	20.10%	-4.93%

* Employer's covered-payroll during the measurement period is the total covered payroll. For FY2020 the measurement period is October 1, 2019 through September 30, 2020.

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Schedule of Employer Contributions
Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 33,898	\$ 42,469	\$ 62,637	\$ 72,292	\$ 63,735	\$ 49,323	\$ 77,955
Contributions in relation to the actuarially determined contribution	33,898	42,469	62,637	72,292	63,735	49,323	77,955
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,611,024	\$ 2,526,245	\$ 2,429,821	\$ 2,360,076	\$ 2,156,728	\$ 2,151,648	\$ 2,053,137
Contributions as a percentage of covered-employee payroll	1.30%	1.68%	2.58%	3.06%	2.96%	2.29%	3.80%

**DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE**

Schedule of Pension Investment Returns
Years Ended December 31

	2020	2019	2018	2017	2016	2015	2014
Investment rate of return, net of pension plan investment expense, including inflation	7.70%	7.70%	7.70%	7.75%	7.75%	8.00%	8.00%

Note to Schedule:

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE
 Note to Required Supplementary Information
 Pension Plan Practices
 December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT PENSION PLAN PRACTICES

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2020 were based on the September 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent closed
Remaining amortization period	41.1 years
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	3.25 - 5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

OTHER INFORMATION

DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE
Schedule of Operating Expenses
Years Ended December 31, 2020 and 2019

	2020	2019
Salaries and employee benefits	\$ 3,471,631	\$ 3,269,265
Insurance	653,035	668,246
Depreciation	451,911	490,348
Repairs and maintenance	200,104	173,473
Supplies	137,484	140,149
Gasoline	124,193	157,300
Utilities	72,776	73,009
Legal and professional	50,995	44,275
Zoll software expense	39,189	32,903
Uniforms	22,394	20,602
Communications	18,037	33,815
Training	17,275	12,521
Dues and subscriptions	16,893	12,699
Miscellaneous	11,646	17,088
Scholarships	10,000	10,000
Travel	4,931	10,748
Rent	4,391	4,573
Fees and licenses	2,202	9,358
Advertising	1,840	876
Medical waste expense	685	663
Payroll tax expense	352	352
	\$ 5,311,964	\$ 5,182,263

DEKALB COUNTY HOSPITAL ASSOCIATION
DBA DEKALB AMBULANCE SERVICE
Schedule of Board Members (Unaudited)
December 31, 2020 and 2019

<u>Name</u>	<u>Title</u>	<u>Term</u>
Michael Leath	Chairman	01/2020-12/2024
Sam Phillips	Vice Chairman	01/2020-12/2024
Patricia Strickland	Secretary/Treasurer	01/2020-12/2024
Tony Taylor	Member	01/2020-12/2024
Michael Posey	Member	01/2020-12/2024

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
DeKalb County Hospital Association
Fort Payne, Alabama

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the DeKalb County Hospital Association, which comprise the statements of net position as of December 31, 2020 and 2019 and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the DeKalb County Hospital Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DeKalb County Hospital Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeKalb County Hospital Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeKalb County Hospital Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BMSS, LLC

Huntsville, Alabama
August 12, 2021