

**JEFFERSON - BLOUNT- ST. CLAIR  
MENTAL HEALTH AUTHORITY**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

*For the Fiscal Year Ended September 30, 2020*



PHILLIP MORGAN & COMPANY P.C.  
— CERTIFIED PUBLIC ACCOUNTANTS —



PHILLIP MORGAN & COMPANY P.C.  
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**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**  
**Audited Financial Statements and Supplementary Information**  
**For the Year Ended September 30, 2020**

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PHILLIP MORGAN & COMPANY P.C.  
— CERTIFIED PUBLIC ACCOUNTANTS —

# **FINANCIAL SECTION**

*INDEPENDENT AUDITOR'S REPORT*

*MANAGEMENT'S DISCUSSION AND ANALYSIS*

*BASIC FINANCIAL STATEMENTS*

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*OTHER SUPPLEMENTARY INFORMATION*



PHILLIP MORGAN & COMPANY P.C.  
— CERTIFIED PUBLIC ACCOUNTANTS —



## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of the  
Jefferson - Blount - St. Clair Mental Health Authority

We have audited the accompanying financial statements of the business-type activities of Jefferson - Blount - St. Clair Mental Health Authority (the Authority), as of and for the years ended September 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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 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 the business-type activities of the Authority as of September 30, 2020 and 2019, and the changes in financial position and cash flows thereof 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 the management's discussion and analysis, the schedule of changes in net pension liability, and the schedule of employer pension plan contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 to 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying other supplementary 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 expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), and is also not a required part of the basic financial statements. Such information 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. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated September 22, 2021, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 the Authority's internal control over financial reporting and compliance.

Birmingham, Alabama  
September 22, 2021



**Phillip Morgan & Company P.C.**



**PHILLIP MORGAN & COMPANY P.C.**  
— CERTIFIED PUBLIC ACCOUNTANTS —



# JEFFERSON - BLOUNT - ST. CLAIR MENTAL HEALTH AUTHORITY

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## Management's Discussion and Analysis

September 30, 2020

The following is designed to provide an understanding of various factors related to the Jefferson – Blount - St. Clair Mental Health Authority's (hereinafter referred to as the Authority) operations and financial condition. This information should be read in conjunction with the financial statements and related notes. The purpose of this information is to focus on significant changes in the financial condition during the year ended September 30, 2020, and highlight events that occurred during the year.

The Authority is classified as a special-purpose government engaged only in business-type activities as outlined in the *Codification of Governmental Accounting and Financial Reporting Standards*, Section Sp20.107.

### A) Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows as of September 30, 2020 by \$13,623,485 (net position), an increase of \$2,426,088 from September 30, 2019.
- The Authority's cash and investments balance at September 30, 2020 was \$10,159,188, an increase of \$2,989,063 from September 30, 2019.
- The Authority's total revenues of \$47,952,676 were more than total expenses of \$45,526,588, resulting in an increase in net position of \$2,426,088 for the year ended September 30, 2020.
- Total revenues increased \$1,124,172 (2.4%) in fiscal year 2020.
- Total expenses increased \$606,300 (1.3%) in fiscal year 2020.
- The Authority's net position increased \$2,426,088 during the year ended September 30, 2020, compared to an increase of \$1,908,216 for the year ended September 30, 2019.
- Flow-through revenues and expenses for subcontractors amounted to \$9,422,178, accounting for 19.6% of the Authority's total revenues.

### B) Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise of five components: 1) statement of net position and 2) statement of revenues, expenses, and changes in net position, 3) statement of cash flows, 4) notes to financial statements, and 5) schedules of required supplementary information and other supplementary information.

- 1) The Statement of Net Position presents information on all of the Authority's assets, deferred outflows, liabilities, and deferred inflows, at a given point in time, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- 2) The Statement of Revenues, Expenses, and Changes in Net Position provides information for the period of time from October 1 through September 30, with a comparison of the current and previous fiscal years. This statement reflects the Authority's funding sources (revenues) and the utilization of those funds (expenses). By comparing the Authority's revenues to its expenditures, we are able to evaluate the financial performance of the agency for the given period. A review of current and prior year revenues and expenses helps to identify significant fluctuations.

**C) Condensed Financial Information**

Net Position. The table below summarizes the net position as of September 30, 2020 and 2019.

**Condensed Statements of Net Position**

**September 30, 2020 and 2019**

	Business Type Activities		
	<u>2020</u>	<u>2019</u>	Increase (Decrease)
<b>Assets</b>			
Current assets	\$ 17,113,446	\$ 13,271,921	\$ 3,841,525
Capital assets	6,235,879	6,587,243	(351,364)
Noncurrent assets	-	-	-
<b>Total Assets</b>	<b>23,349,325</b>	<b>19,859,164</b>	<b>3,490,161</b>
<b>Deferred Outflows</b>	<b>1,051,456</b>	<b>760,648</b>	<b>290,808</b>
<b>Liabilities</b>			
Current liabilities	11,069,167	9,206,084	1,863,083
Noncurrent liabilities	(2,127,443)	(3,113,697)	986,254
<b>Total Liabilities</b>	<b>8,941,724</b>	<b>6,092,387</b>	<b>2,849,337</b>
<b>Deferred Inflows</b>	<b>1,835,572</b>	<b>3,330,028</b>	<b>(1,494,456)</b>
<b>Net Position</b>			
Net investment in capital assets	6,235,879	6,587,243	(351,364)
Restricted	530,680	484,802	45,878
Unrestricted	6,856,926	4,125,352	2,731,574
<b>Total Net Position</b>	<b>\$ 13,623,485</b>	<b>\$ 11,197,397</b>	<b>\$ 2,426,088</b>

Board of Directors composed of three appointees each from:  
 Bessemer - Birmingham - Blount County - Fairfield - Gardendale - Homewood - Hueytown  
 Jefferson County - Leeds - Mountain Brook - Oneonta - Pell City - St. Clair County - Tarrant - Vestavia Hills

Revenues and Expenses. The table below summarizes the operating activities in fiscal year 2020 and 2019.

**Condensed Statements of Activities**  
**For the Years Ended September 30, 2020 and 2019**

	Business Type Activities		
	<u>2020</u>	<u>2019</u>	Increase (Decrease)
<b>Revenues</b>			
Program Revenues:			
Federal Government	<b>\$13,612,711</b>	\$ 13,511,264	\$ 101,447
State Government	<b>30,799,527</b>	29,843,170	956,357
Other	<b>2,022,130</b>	1,886,087	136,043
Client Fees	<b>1,422,915</b>	1,479,294	(56,379)
Local Government Appropriations	<b>53,470</b>	53,470	-
General Revenues:			-
Interest	<b>23,094</b>	42,704	(19,610)
Contributions Received	<b>5,413</b>	9,865	(4,452)
Gain on Disposals of Assets	<b>13,416</b>	2,650	10,766
<b>Total Revenues</b>	<b>47,952,676</b>	46,828,504	1,124,172
<b>Expenses</b>			
Payroll and Related Expenses	<b>20,275,752</b>	18,426,920	1,848,832
Contract Services	<b>18,904,184</b>	19,958,960	(1,054,776)
Operating Expenses	<b>1,770,009</b>	1,732,490	37,519
Operating Supplies	<b>1,206,634</b>	1,339,237	(132,603)
Travel and Transportation	<b>537,075</b>	704,996	(167,921)
Buildings and Grounds	<b>2,291,922</b>	2,290,809	1,113
Depreciation	<b>541,012</b>	466,876	74,136
<b>Total Expenses</b>	<b>45,526,588</b>	44,920,288	606,300
<b>Change in Net Position</b>	<b>2,426,088</b>	1,908,216	517,872
<b>Beginning Net Position</b>	<b>11,197,397</b>	9,289,181	1,908,216
<b>Ending Net Position</b>	<b>\$13,623,485</b>	\$ 11,197,397	\$ 2,426,088

Board of Directors composed of three appointees each from:  
 Bessemer - Birmingham - Blount County - Fairfield - Gardendale - Homewood - Hueytown  
 Jefferson County - Leeds - Mountain Brook - Oneonta - Pell City - St. Clair County - Tarrant - Vestavia Hills

## **D) Financial Analysis**

Net Position may serve over time as a useful indicator of the financial position of a business. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$13,623,485 at September 30, 2020. A portion of the Authority's net position (51.5%) is comprised of net liquid assets (cash, investments and receivables less accounts payable). These liquid assets are available for use in the event funding sources are delayed in making payments to the Authority. Under the current operating conditions, however, these liquid assets would provide resources to continue operations for slightly more than 1 additional month.

The net position of the Authority increased \$2,426,088 (21.7%) during fiscal year 2020.

## **E) Actual Versus Budget Analysis**

The Authority and its Board of Directors adopt an operating budget prior to the beginning of each fiscal year. The fiscal year 2020 budget was approved at a meeting of the Board of Directors and is the basis for comparison in this analysis.

Total revenues of \$47,952,676 were \$1,197,809 (2.5%) less than budgeted for this period.

Total expenses of \$45,526,588 were \$3,622,769 (7.99%) less than budgeted for this period.

## **F) Capital Assets and Debt Administration**

### **1) Capital Assets**

As of September 30, 2020, the Authority's investment in capital assets for its activities was \$6,235,879 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office equipment, computer software, home furniture and fixtures and motor vehicles with a purchase price equal to or greater than \$5,000.

Capital asset additions amounted to \$189,648 and included \$140,168 for renovations to several buildings, \$18,210 for office equipment, and \$31,270 for vehicles.

Asset disposals were limited to vehicles with a total original cost of \$121,322. Additional information on the Authority's capital assets can be found in the Notes to Financial Statements.

### **2) Debt Administration**

The Authority operated without any debt in FY2020.

## **(G) Financial Factors Impacting the Authority**

To date, the COVID-19 pandemic has not come to an end, and the Authority is continuing to utilize telemedicine when applicable along with providing face-to-face services. The day rehabilitation programs are continuing to operate, but still at a limited capacity. The Authority has been able to continue operations without a decline in client care.

In June 2021, the Authority was awarded the Stepping Up Grant for a certified case manager. This staff will work in Jefferson County with persons who have a mental illness or co-occurring mental illness and substance abuse disorder. The target population will be those persons in jails and emergency rooms. This program should be fully implemented by September 2021.

**(G) Financial Factors Impacting the Authority - Continued**

The Authority has also applied for a Crisis Diversion Center that will divert individuals from jails and hospitals in Region 2; the award date is October 2021. If this grant is awarded to the Authority, it will be a \$7 million contract with the Department of Mental Health, and would be projected to be fully operational by May 2022. This grant would provide for a 24/7 facility and would employ approximately 113 people.

**(H) Contacting the Authority’s Financial Management**

The financial report is designed to provide a general overview of the Authority’s finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Jefferson-Blount-St. Clair Mental Health Authority, 940 Montclair Road, Suite 200, Birmingham, Alabama 35213, or call (205) 595-4555.

Board of Directors composed of three appointees each from:  
Bessemer - Birmingham - Blount County - Fairfield - Gardendale - Homewood - Hueytown  
Jefferson County - Leeds - Mountain Brook - Oneonta - Pell City - St. Clair County - Tarrant - Vestavia Hills

## **BASIC FINANCIAL STATEMENTS**

*STATEMENTS OF NET POSITION*

*STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION*

*STATEMENTS OF CASH FLOWS*

*NOTES TO FINANCIAL STATEMENTS*

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**STATEMENTS OF NET POSITION**

**September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 9,906,544	\$ 5,649,140
Investments - Certificates of Deposit	252,644	1,520,985
Client Deposits	896,602	776,332
Accounts Receivable	5,664,870	5,113,310
Prepays	392,786	212,154
Total Current Assets	<u>17,113,446</u>	<u>13,271,921</u>
<b>CAPITAL ASSETS</b>		
Land	248,127	248,127
Buildings	11,049,325	10,909,157
Motor Vehicles	767,570	857,623
Other Capital Assets	375,395	357,184
Accumulated Depreciation	<u>(6,204,538)</u>	<u>(5,784,848)</u>
Total Capital Assets	<u>6,235,879</u>	<u>6,587,243</u>
<b>TOTAL ASSETS</b>	<u>23,349,325</u>	<u>19,859,164</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Related to Pensions	<u>1,051,456</u>	<u>760,648</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,051,456</u>	<u>760,648</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	8,803,104	7,611,710
Accrued Payroll and Related Expenses	82,315	89,625
Accrued Compensated Absences - Current Portion	1,084,726	532,497
Client Deposits	896,602	776,332
Unearned Revenue	<u>202,420</u>	<u>195,920</u>
Total Current Liabilities	<u>11,069,167</u>	<u>9,206,084</u>
<b>NONCURRENT LIABILITIES</b>		
Accrued Compensated Absences - Noncurrent Portion	238,809	701,133
Net pension liability (asset)	<u>(2,366,252)</u>	<u>(3,814,830)</u>
Total Noncurrent Liabilities	<u>(2,127,443)</u>	<u>(3,113,697)</u>
<b>TOTAL LIABILITIES</b>	<u>8,941,724</u>	<u>6,092,387</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Related to Pensions	<u>1,835,572</u>	<u>3,330,028</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,835,572</u>	<u>3,330,028</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	6,235,879	6,587,243
Restricted	530,680	484,802
Unrestricted	<u>6,856,926</u>	<u>4,125,352</u>
<b>TOTAL NET POSITION</b>	<u>\$ 13,623,485</u>	<u>\$ 11,197,397</u>

The notes to the financial statements are an integral part of this statement



**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Federal Government	\$ 13,612,711	\$ 13,511,264
State Government	30,799,527	29,843,170
Local Government Appropriations	53,470	53,470
Client Fees	1,422,915	1,479,294
Other Revenue	<u>2,022,130</u>	<u>1,886,087</u>
<b>TOTAL OPERATING REVENUES</b>	<u>47,910,753</u>	<u>46,773,285</u>
<b>OPERATING EXPENSES</b>		
Payroll and Related Expenses	20,275,752	18,426,920
Contract Services	18,904,184	19,958,960
Other Operating Expenses	1,770,009	1,732,490
Operating Supplies	1,206,634	1,339,237
Travel and Transportation	537,075	704,996
Buildings and Grounds	2,291,922	2,290,809
Depreciation	<u>541,012</u>	<u>466,876</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>45,526,588</u>	<u>44,920,288</u>
<b>OPERATING INCOME</b>	<u>2,384,165</u>	<u>1,852,997</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest revenue	23,094	42,704
Contributions Revenue	5,413	9,865
Gain (Loss) on Disposal of Capital Assets	<u>13,416</u>	<u>2,650</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>41,923</u>	<u>55,219</u>
<b>CHANGE IN NET POSITION</b>	2,426,088	1,908,216
NET POSITION, BEGINNING OF YEAR	<u>11,197,397</u>	<u>9,289,181</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 13,623,485</u>	<u>\$ 11,197,397</u>

The notes to the financial statements are an integral part of this statement

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended September 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from Federal and State Governments	\$ 43,872,882	\$ 42,078,568
Received from Local Government Appropriations	53,470	53,470
Received from Clients	1,417,211	1,487,634
Received from Other Sources	2,022,130	1,886,087
Payments for Salaries and Related Expenses	(20,529,843)	(19,463,350)
Payments for Contract Services	(17,739,146)	(17,823,562)
Payments to Suppliers and Others	<u>(5,959,916)</u>	<u>(6,265,827)</u>
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>3,136,788</u>	<u>1,953,020</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Contributions	<u>5,413</u>	<u>9,865</u>
<b>Net Cash Provided (Used) By Noncapital Financing Activities</b>	<u>5,413</u>	<u>9,865</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Asset Purchases	(189,648)	(2,513,850)
Proceeds from Sales of Capital Assets	<u>13,416</u>	<u>3,386</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(176,232)</u>	<u>(2,510,464)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Purchases	-	-
Proceeds From Sales and Maturities of Investments	1,250,000	-
Interest received	<u>41,435</u>	<u>36,788</u>
<b>Net Cash Provided (Used) By Investing Activities</b>	<u>1,291,435</u>	<u>36,788</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,257,404	(510,791)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,649,140</u>	<u>6,159,931</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 9,906,544</u>	<u>\$ 5,649,140</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income (Loss)	2,384,165	1,852,997
Depreciation	541,012	466,876
Change in Accounts Receivable	(551,560)	(1,257,762)
Change in Prepaid Expenses	(180,632)	137,441
Change in Accounts Payable	1,191,394	1,799,662
Change in Accrued Payroll and Related Expenses	(7,310)	64,772
Change in Accrued Compensated Absences	89,905	(86,041)
Change in Unearned Revenue	6,500	(9,764)
Change in Net Pension Asset/Liability and Related Deferred Outflows/Inflows	<u>(336,686)</u>	<u>(1,015,161)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 3,136,788</u>	<u>\$ 1,953,020</u>
Noncash Investing, Capital, and Financing Activities:		
None	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement

# JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2020

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### General

The Authority is a public not-for-profit corporation formed in October 1968, as authorized by Act 310, enacted in the regular session of the 1967 Alabama State Legislature, as defined in the *Code of Alabama, 1975*, Paragraph 22-51-1 through 22-51-14. The purpose of the Authority is to plan, study needs and resources, conduct research and administer community mental health services within its area, which includes Jefferson, Blount and St. Clair counties.

Services are provided both by programs administered directly by the Authority and through contracts with other agencies.

The financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Authority are described below.

#### Reporting Entity

In evaluating how to define the Jefferson-Blount-St. Clair Mental Health Authority, for financial reporting purposes, management considered all the criteria for determining component units. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the government’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria the Jefferson-Blount-St. Clair Mental Health Authority does not exercise oversight duties or responsibilities over other units of government.

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Authority have been prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recorded when related liabilities are incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed by the Authority to the extent that those standards do not conflict with or contradict guidance of the GASB. The Authority also has the option of following subsequent private-sector guidance, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with an original maturity date of three months or less. Investments are stated at cost plus accrued interest.

Receivables

Accounts receivable primarily consists of amounts due from federal grants, state contracts and other third party contracts/sources.

Capital Assets

Capital assets with a unit cost of at least \$5,000 and an estimated useful life of at least one year are recorded at cost. The provision for depreciation is computed on the straight-line method over the estimated useful life of the asset. Useful lives range from 20-40 years for buildings, 5-10 years for equipment and 5 years for motor vehicles.

Compensated Absences

No liability is recorded for sick leave. Substantially all employees of the Authority earn 13.5 days of sick leave each year with accumulation limited to 180 days. Payment is not made for unused sick leave at termination or retirement.

Substantially all employees earn from 13.5 to 30 days of annual leave with accumulation limited to 35 days. Payment is made to employees for unused annual leave at termination or retirement. At September 30, 2020 and September 30, 2019, liabilities in the amounts of \$1,323,535 and \$1,233,630 have been recorded.

Long-Term Obligations

Long-term debt and uncompensated absences payable in more than one year are recorded as liabilities in the statement of net assets.

Net Position

Net assets are required to be classified for accounting and reporting purposes into the following net asset categories:

*Net Investment in Capital Assets* – Capital assets, net of accumulated depreciation and outstanding principal balance of debt attributable to the acquisition, construction or improvement of those assets.

*Restricted* – Net assets that are subject to externally imposed stipulations. Restricted net assets consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted* – Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management.

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Federal Financial Assistance Programs

The Authority participates in federally funded programs. Federal programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

Subsequent Events: In preparing the financial statements, management evaluated subsequent events through September 22, 2021, the date the financial statements were available to be issued.

Use of Estimates: The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk Management

The Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**NOTE B – DEPOSITS AND INVESTMENTS**

The Authority can invest in securities that are direct obligations of the United States, or the payment of principal and interest is unconditionally guaranteed by the United States or securities that are direct obligations of any agency of the States. The Authority may also hold interest bearing deposits, including certificates of deposit of any bank organized under the laws of the United States or any of its states.

Deposits not covered by federal depository insurance must be in financial institutions that participate in the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program that was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1975, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by the financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged failed to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED**

The Statement of Net Position classification “cash and cash equivalents” includes all readily available cash such as petty cash, demand deposits and certificates with maturities of three months or less and repurchase agreements.

Credit Risk

Deposits and investments consisted of cash and cash equivalents, certificates of deposit, and client deposits totaling \$11,055,790 at September 30, 2020 and \$7,946,457 at September 30, 2019. All deposits and investments are collateralized by the SAFE Program and FDIC.

**NOTE C – ACCOUNTS RECEIVABLE**

Accounts Receivable consists of the following at September 30,

	2020	2019
Department of Mental Health	\$ 4,200,827	\$ 3,512,142
Medicaid	972,853	1,145,166
Department of Housing and Urban Development	211,416	267,484
Other	279,774	188,518
<b>Total Accounts Receivable</b>	<b>\$ 5,664,870</b>	<b>\$ 5,113,310</b>

**NOTE D – CHANGES IN CAPITAL ASSETS**

A summary of changes in general fixed assets follows:

<u>YEAR ENDED SEPTEMBER 30, 2020</u>	Beginning Balance	Additions	Reductions	Ending Balance
<b>Capital Assets</b>				
Land	\$ 248,127	\$ -	\$ -	\$ 248,127
Buildings	10,909,157	140,168	-	11,049,325
Motor Vehicles	857,623	31,270	(121,322)	767,571
Equipment	357,184	18,210	-	375,394
<b>Total Capital Assets</b>	<b>12,372,091</b>	<b>189,648</b>	<b>(121,322)</b>	<b>12,440,417</b>
<b>Less: Accumulated Depreciation</b>				
Buildings	4,825,108	455,050	-	5,280,158
Motor Vehicles	746,305	57,051	(121,322)	682,034
Equipment	213,435	28,911	-	242,346
<b>Total Accumulated Depreciation</b>	<b>5,784,848</b>	<b>541,012</b>	<b>(121,322)</b>	<b>6,204,538</b>
<b>Net Capital Assets</b>	<b>\$ 6,587,243</b>	<b>\$ (351,364)</b>	<b>\$ -</b>	<b>\$ 6,235,879</b>
 <u>YEAR ENDED SEPTEMBER 30, 2019</u>				
<b>Capital Assets</b>				
Land	\$ 248,127	\$ -	\$ -	\$ 248,127
Buildings	8,446,550	2,462,607	-	10,909,157
Motor Vehicles	836,924	35,090	(14,391)	857,623
Equipment	341,031	16,153	-	357,184
<b>Total Capital Assets</b>	<b>9,872,632</b>	<b>2,513,850</b>	<b>(14,391)</b>	<b>12,372,091</b>
<b>Less: Accumulated Depreciation</b>				
Buildings	4,440,109	384,999	-	4,825,108
Motor Vehicles	705,043	54,917	(13,655)	746,305
Equipment	186,475	26,960	-	213,435
<b>Total Accumulated Depreciation</b>	<b>5,331,627</b>	<b>466,876</b>	<b>(13,655)</b>	<b>5,784,848</b>
<b>Net Capital Assets</b>	<b>\$ 4,541,005</b>	<b>\$ 2,046,974</b>	<b>\$ (736)</b>	<b>\$ 6,587,243</b>

# JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

September 30, 2020

### NOTE E - DEFINED BENEFIT PENSION PLAN

#### Employees' Retirement System of Alabama

Plan Description: The Authority and its eligible employees contribute to the Employees' Retirement System of Alabama (ERS). ERS, an agent multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to employees of cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama 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](http://www.rsa-al.gov).

The ERS Board of Control's 13 trustees are 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. 3 vested members of ERS appointed by the Governor for a term of 4 years, no 2 of whom are from the same department of state government nor from any department of which an ex office trustee is the head,
6. 6 members of ERS who are elected by members from the same category of ERS for a term of 4 years as follows:
  - a. 2 retired members with 1 from the ranks of retired state employees and 1 from the ranks of retired employees of a city, county or public agency each of whom is an active beneficiary of ERS,
  - b. 2 vested active state employees,
  - c. 2 vested active employees of an employer participating in ERS pursuant to 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 ERS. Benefits for ERS members vest after 10 years or more 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 at 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 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.

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE E - DEFINED BENEFIT PENSION PLAN - CONTINUED**

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2018. 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 (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 or more of creditable service, are currently in service, and are determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status, and eligibility for retirement.

ERS serves over 800 local participating employers. These participating employers include cities, counties, and other public entities. As of September 30, 2019, the Authority's membership consisted of:

Retired Members or Their Beneficiaries Currently Receiving Benefits	51
Vested Inactive Members	13
Non-Vested Inactive Members	191
Active Members	<u>433</u>
Total	<u>688</u>

Contributions – Covered members of ERS contributed 5% of earnable compensation to ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of ERS are required by statute to contribute 7.5% of earnable compensation. Certified law enforcement, correctional officers, and firefighters 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 were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters are required by statute to contribute 8.5% of earnable compensation. State Police contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

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



**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE E - DEFINED BENEFIT PENSION PLAN - CONTINUED**

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 September 30, 2020, the Authority's active employee contribution rates were 5% of covered payroll for Tier 1 employees and 6% of covered payroll for Tier 2 employees, and the Authority's average contribution rate to fund the normal and accrued liability costs was 1.84% of covered employee payroll.

The Authority's contractually required contribution rate for the year ended September 30, 2020 was 2.92% of covered payroll for Tier 1 employees, and 0.40% of covered payroll for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2018, a percent of annual covered 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 Plan from the Authority were \$292,757 for the year ended September 30, 2020.

**Net Pension Liability**

The Authority's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018 rolled forward to September 30, 2019 using standard roll-forward techniques as follows:

		<u>Expected</u>	<u>Actual</u>
Total Pension Liability, September 30, 2018	(a)	\$ 31,186,629	\$ 31,072,067
Discount Rate	(b)	7.70%	7.70%
Entry Age Normal Cost	(c)	1,237,536	1,237,536
Transfers Among Employers	(d)	-	(42,783)
Actual Benefit Payments and Refunds	(e)	<u>(1,522,985)</u>	<u>(1,522,985)</u>
Total Pension Liability, September 30, 2019			
[(a) x (1+(b))] + (c) + (d) + [(e) x (1 + .05*(b))]	(f)	<u>\$ 33,243,916</u>	<u>\$ 33,077,749</u>
Difference Between Expected and Actual	(g)		\$ (166,167)
Less: Liability Immediately Recognized	(h)		<u>(42,783)</u>
Experience (Gain)/Loss = (g) - (h)	(i)		<u>\$ (123,384)</u>

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE E - DEFINED BENEFIT PENSION PLAN - CONTINUED**

Actuarial assumptions – The total pension liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in this measurement:

Inflation	2.750%
Salary Increases	3.25% - 5.00%
Investment Rate of Return*	7.750%

\*Net of pension plan investment expense, including inflation.

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2019 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2018 valuation were based on the results of an investigation of the economic and demographic experience for ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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:

	<u>Target Allocation</u>	<u>Long-Term Expected Rate Of Return*</u>
Fixed Income	17.0%	4.4%
U.S. Large Stocks	32.0%	8.0%
U.S. Mid Stocks	9.0%	10.0%
U.S. Small Stocks	4.0%	11.0%
International Developed Market Stocks	12.0%	9.5%
International Emerging Market Stocks	3.0%	11.0%
Alternatives	10.0%	10.1%
Real Estate	10.0%	7.5%
Cash	3.0%	1.5%
Total	<u>100.0%</u>	

\*Includes assumed rate of inflation of 2.875%.

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 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.

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE E - DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Changes in Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at September 30, 2018	\$ 31,186,629	\$ 35,001,459	\$ (3,814,830)
Changes for the year:			
Service cost	1,237,536	-	1,237,536
Interest	2,342,736	-	2,342,736
Changes of Assumptions	-	-	-
Difference between expected and actual experience	(123,384)	-	(123,384)
Contributions - employer	-	315,790	(315,790)
Contributions - employee	-	799,533	(799,533)
Net investment income	-	892,987	(892,987)
Benefit payments, including refunds of employee contributions	(1,522,985)	(1,522,985)	-
Transfers among employers	(42,783)	(42,783)	-
Net Changes	1,891,120	442,542	1,448,578
Balances at September 30, 2019	\$ 33,077,749	\$ 35,444,001	\$ (2,366,252)

Sensitivity of the net pension liability to changes in the discount rate – The following table presents the Authority’s net pension liability calculated using the discount rate of 7.70%, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage lower (6.70%) or 1 percentage point higher (8.70%) than the current rate:

	1% Decrease 6.70%	Current Rate 7.70%	1% Increase 8.70%
Net Pension Liability	\$ 1,976,279	\$ (2,366,252)	\$ (5,989,974)

Pension plan fiduciary net position – Detailed information about the Plan’s fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2019. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2019. The auditor’s report 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 [www.rsa-al.gov](http://www.rsa-al.gov).

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE E - DEFINED BENEFIT PENSION PLAN – CONTINUED**

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

For the year ended September 30, 2020, the Authority recognized pension expense (income) of \$(98,990). At September 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,835,572
Changes of assumptions	304,144	-
Net difference between projected and actual earnings on pension plan investments	454,170	-
Employer contributions subsequent to the measurement date	<u>293,142</u>	<u>-</u>
Totals	<u>\$ 1,051,456</u>	<u>\$ 1,835,572</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal year ended September 30,

2021	\$ (254,526)
2022	(435,257)
2023	(138,916)
2024	82,209
2025	(33,648)
Thereafter	<u>(3,978)</u>
Totals	<u>\$ (784,116)</u>

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2020**

**NOTE F – ACCOUNTS PAYABLE**

Accounts payable consisted of the following at September 30,

	<u>2020</u>	<u>2019</u>
Subcontractors	\$ 7,959,543	\$ 6,794,505
Suppliers and Others	<u>843,561</u>	<u>817,205</u>
Total Accounts Payable	<u>\$ 8,803,104</u>	<u>\$ 7,611,710</u>

**NOTE G – TAX AND CORPORATE STATUS**

The Authority is a tax-exempt organization under the provisions of the Internal Revenue Code and the Code of Alabama, and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the Authority meets the criteria required for classification as an affiliate of a government unit, as described in Revenue Procedure 95-48, I.R.B. 1995-47, 13, (Nov. 20, 1995). The Authority, therefore, is not required to file Form 990 with the IRS.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

*SCHEDULE OF CHANGES IN NET PENSION LIABILITY*

*SCHEDULE OF EMPLOYER PENSION PLAN CONTRIBUTIONS*

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**

**Last Ten Fiscal Years**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Pension Liability</b>										
Service Cost	\$ 1,237,536	\$ 1,090,653	\$ 1,079,866	\$ 1,126,605	\$ 1,193,209	\$ 1,185,711	\$ -	\$ -	\$ -	\$ -
Interest	2,342,736	2,215,596	2,221,839	2,146,422	1,981,189	1,816,066	-	-	-	-
Differences between expected and actual experience	(123,384)	(363,551)	(2,145,438)	(631,118)	(70,164)	-	-	-	-	-
Changes of assumptions	-	184,870	-	403,462	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,522,985)	(1,160,995)	(1,253,269)	(1,017,914)	(1,059,723)	(815,765)	-	-	-	-
Transfers among employers	(42,783)	51,221	(29,683)	(71,171)	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	1,891,120	2,017,794	(126,685)	1,956,286	2,044,511	2,186,012	-	-	-	-
<b>Total Pension Liability, Beginning</b>	31,186,629	29,168,835	29,295,520	27,339,234	25,294,723	23,108,711	-	-	-	-
<b>Total Pension Liability, Ending (a)</b>	<u>\$ 33,077,749</u>	<u>\$ 31,186,629</u>	<u>\$ 29,168,835</u>	<u>\$ 29,295,520</u>	<u>\$ 27,339,234</u>	<u>\$ 25,294,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan Fiduciary Net Position</b>										
Contributions, employer	315,790	457,307	452,336	443,931	503,134	564,708	-	-	-	-
Contributions, members	799,533	804,325	708,436	709,537	663,858	836,627	-	-	-	-
Net investment income	892,987	2,958,464	3,626,808	2,620,742	300,971	2,683,429	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,522,985)	(1,160,995)	(1,253,269)	(1,017,914)	(1,059,723)	(815,765)	-	-	-	-
Transfers among employers	(42,783)	51,221	(29,683)	(71,171)	(44,223)	(6,656)	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	442,542	3,110,322	3,504,628	2,685,125	364,017	3,262,343	-	-	-	-
<b>Plan Fiduciary Net Position, Beginning</b>	35,001,459	31,891,137	28,386,509	25,701,384	25,337,367	22,075,024	-	-	-	-
<b>Plan Fiduciary Net Position, Ending (b)</b>	<u>\$ 35,444,001</u>	<u>\$ 35,001,459</u>	<u>\$ 31,891,137</u>	<u>\$ 28,386,509</u>	<u>\$ 25,701,384</u>	<u>\$ 25,337,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Pension Liability (Asset) (a) - (b)</b>	<u>\$ (2,366,252)</u>	<u>\$ (3,814,830)</u>	<u>\$ (2,722,302)</u>	<u>\$ 909,011</u>	<u>\$ 1,637,850</u>	<u>\$ (42,644)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	107.15%	112.23%	109.33%	96.90%	94.01%	100.17%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 14,913,563	\$ 14,557,076	\$ 12,940,205	\$ 12,417,717	\$ 12,848,149	\$ 12,981,793	\$ -	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	-15.87%	-26.21%	-21.04%	7.32%	12.75%	-0.33%	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule**

- This schedule is required to present information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.



**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**  
**SCHEDULE OF EMPLOYER PENSION PLAN CONTRIBUTIONS**  
**Last Ten Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution*	\$ 292,757	\$ 371,236	\$ 511,168	\$ 473,222	\$ 489,877	\$ 548,103	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution*	292,757	371,236	511,168	473,222	489,877	548,103	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 15,889,839	\$ 14,913,563	\$ 14,557,076	\$ 12,940,205	\$ 12,417,717	\$ 12,848,149	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	1.84%	2.49%	3.51%	3.66%	3.94%	4.27%	0.00%	0.00%	0.00%	0.00%

\*Amount of employer contributions related to normal and accrued liability components of employer rate, net of any refunds or error service payments.

**Notes to Schedule**

- This schedule is required to present information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.
- 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 the fiscal year ended September 30, 2020 were based on the September 30, 2017 actuarial valuation.
- Methods and assumptions used to determine contribution rates:

Actuarial cost method.....	Entry age
Amortization method.....	Level percent closed
Remaining amortization period.....	N/A years
Asset valuation method.....	Five year smoothed market
Inflation.....	2.75%
Salary increases.....	3.25% - 5.00%, including inflation
Investment rate of return.....	7.75%, net of pension plan investment expense, including inflation



**OTHER SUPPLEMENTARY  
INFORMATION**

*SCHEDULE OF REVENUES*

*SCHEDULE OF EXPENSES*

*SCHEDULE OF BOARD OF DIRECTORS AND OFFICIALS*



**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**SCHEDULE OF REVENUES**

**For the Year Ended September 30, 2020**

	<u>Federal Government</u>	<u>State Government</u>	<u>Local Government</u>	<u>Fees</u>	<u>Other</u>
Medicaid - Title XIX	\$ 8,032,079				
Mental Health Services Block Grant	4,321,758				
Department of Housing and Urban Development	1,033,315				
Homeless Critically Mental Illness	225,559				
State Department of Mental Health Grants and Contracts	-	\$ 30,169,712			
State Department of Human Resources Contracts	-	152,300			
State Department of Youth Services Contracts	-	430,716			
All Kids Plus	-	46,799			
Blount County	-	-	\$ 11,400		
Pell City	-	-	5,000		
St. Clair County	-	-	8,870		
Vestavia Hills	-	-	7,200		
Gardendale	-	-	6,000		
Homewood	-	-	5,400		
Oneonta	-	-	4,000		
Mountain Brook	-	-	2,100		
Hueytown	-	-	1,500		
Tarrant	-	-	800		
Leeds	-	-	1,200		
Client Fees	-	-	-	\$ 1,422,915	
Medical Director Services Contract	-	-	-	-	\$ 228,300
Business Functions and Maintenance Service Contracts	-	-	-	-	112,297
Crisis Center Contract	-	-	-	-	23,100
Blount County Services	-	-	-	-	57,994
Pell City Schools	-	-	-	-	23,328
Jefferson County Board of Education Contracts	-	-	-	-	215,835
Birmingham Board of Education COPE Unit Contract	-	-	-	-	154,588
Family Court of Jefferson County COPE Unit Contract	-	-	-	-	122,101
Homewood Counselor	-	-	-	-	20,591
St. Clair County District Court Contract	-	-	-	-	15,000
St. Clair County Schools	-	-	-	-	185,149
Property Management Fees	-	-	-	-	135,237
Jefferson County Department of Public Health	-	-	-	-	80,584
Birmingham Special Ed	-	-	-	-	86,960
Oneonta City Schools	-	-	-	-	41,000
DHR Trauma Counseling	-	-	-	-	1,585
Jefferson County Schools - Title 1	-	-	-	-	484,880
Insurance Proceeds	-	-	-	-	7,895
Miscellaneous, Vending and Local Contracts	-	-	-	-	25,706
<b>Total</b>	<b>\$ 13,612,711</b>	<b>\$ 30,799,527</b>	<b>\$ 53,470</b>	<b>\$ 1,422,915</b>	<b>\$ 2,022,130</b>

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**SCHEDULE OF EXPENSES**

**For the Year Ended September 30, 2020**

	Administrative Expenses	Program Expenses	Total Expenses
Salaries	\$ 899,910	\$ 16,306,106	\$ 17,206,016
Inpatient Beds	-	6,531,968	6,531,968
Third Party Services	-	1,159,661	1,159,661
Health Insurance	50,980	1,444,648	1,495,628
Rent	22,337	1,161,940	1,184,277
Social Security and Medicare Tax	56,307	1,153,066	1,209,373
Assisted Living Facility Beds	-	407,390	407,390
Food	2,529	595,064	597,593
Retirement	(1,745)	(97,245)	(98,990)
Staff Mileage	3,642	384,582	388,224
Electricity	41,893	464,579	506,472
Depreciation	13,374	527,638	541,012
Dues and Fees	27,533	350,321	377,854
Medical & Psychiatric Consultation	-	263,475	263,475
Telephone	3,597	249,213	252,810
Building Repairs and Maintenance	6,069	176,382	182,451
Client Medications	-	176,356	176,356
Fellowship House MOM Apartments	-	154,200	154,200
Workman's Compensation	2,315	186,266	188,581
Home Furniture and Equipment	2,354	189,612	191,966
Cable / Internet	4,762	151,929	156,691
Nursing Home Contracts	-	33,138	33,138
Grounds Maintenance	9,335	127,714	137,049
Water and Sewer	4,366	197,253	201,619
Client Maintenance	156	82,333	82,489
Outside Services	58,242	86,662	144,904
Liability Insurance	47,980	114,407	162,387
UAB Supportive Services	-	93,647	93,647
Auto Insurance	12,599	71,586	84,185
Computer and Media Supplies	35,051	53,879	88,930
Janitorial Supplies	5,603	77,187	82,790
Vehicle Gas and Oil	-	54,061	54,061
Equipment Service Contracts	34,239	67,888	102,127
Vehicle Maintenance	43	40,710	40,753
Dental Insurance	1,781	63,424	65,205
Other Consultation	775	44,124	44,899
Staff Conference and Development	7,255	28,815	36,070
Foster Home Beds	-	39,104	39,104
Legal	9,636	663	10,299
Housekeeping	14,700	40,036	54,736
Agency Insurance	5,756	41,717	47,473
Office Supplies	19,387	33,421	52,808
Household Supplies	181	31,512	31,693
Gas	769	46,732	47,501
Client Transportation	-	17,967	17,967
MIS Consultation	50,151	-	50,151
Pest Control	290	32,263	32,553
Community Events	-	14,353	14,353

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**SCHEDULE OF EXPENSES - CONTINUED**

**For the Year Ended September 30, 2020**

	<u>Administrative Expenses</u>	<u>Program Expenses</u>	<u>Total Expenses</u>
Office Furniture and Equipment	2,393	12,654	15,047
Medical Supplies	1,154	39,469	40,623
Auditing and Accounting	17,850	-	17,850
Kitchen Supplies	967	21,207	22,174
Socialization	-	9,412	9,412
Board Travel	-	-	-
Appliances	-	26,768	26,768
Psychological Evaluations	-	781,673	781,673
Postage	6,033	3,220	9,253
Books and Periodicals	83	11,265	11,348
Unemployment Compensation	317	209,622	209,939
Floor Cleaning Supplies	-	36	36
Printing	844	5,818	6,662
Maintenance Supplies	28	13,161	13,189
Equipment and Furniture Repairs	1,015	2,565	3,580
Education and Recreation Supplies	509	3,680	4,189
Contract Labor	-	-	-
EMR Consultation	-	6,048	6,048
Coffee Supplies	1,748	960	2,708
Vending Machine Supplies	585	3,735	4,320
Equipment Rental	1,965	5,873	7,838
Freight	559	3,978	4,537
Miscellaneous	-	19	19
Bank Charges	(120)	-	(120)
Advertising	-	113	113
Credit Card Rebate	(17,738)	(957)	(18,695)
Administration Overhead	(1,465,742)	1,465,742	-
University of Alabama at Birmingham	-	2,068,035	2,068,035
Chilton/Shelby Mental Health Center	-	1,478,545	1,478,545
West Alabama Mental Health Center	-	1,258,720	1,258,720
Eastside Mental Health Center	-	1,190,388	1,190,388
Indian Rivers Mental Health Center	-	794,650	794,650
Cahaba Mental Health Center	-	794,913	794,913
Northwest Alabama Mental Health Center	-	588,853	588,853
Cheaha Mental Health Center	-	510,420	510,420
CED Mental Health Center	-	600,000	600,000
Strong Girls	-	137,654	137,654
<b>TOTAL EXPENSES</b>	<b>\$ 6,602</b>	<b>\$ 45,519,986</b>	<b>\$ 45,526,588</b>

**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**SCHEDULE OF BOARD OF DIRECTORS AND OFFICIALS**

**September 30, 2020**

Ms. Tamra Allredge	Member	PO Box 132 Oneonta, AL 35121
Ms. Toushi Arbitelle	Member	1400 19th Street Leeds, AL 35094
Ms. Sarah Belcher	Member	3030 Arlington Avenue Bessemer, AL 35020
Mrs. Paralee Britt	Member	768 Belwood Circle Fairfield, AL 35064
Dr. Bill Brunson	Member	2061 Kentucky Avenue Vestavia Hills, AL 35216
Mrs. Donna Burgess	1st Vice President	319 East Glenwood Drive Homewood, AL 35209
Mrs. Judy Cacioppo	Member	1619 Powder Plant Road SW Bessemer, AL 35023
Mr. Scotty Colson	Member	5638 Crestwood Boulevard Birmingham, AL 35212
Ms. Margie Colvin	Member	3425 Overton Road Birmingham, AL 35223
Mr. Daniel Clem	Member	4 Pine Circle Oneonta, AL 35121
Ms. Julia Ann Glass	Member	102 Ingram Street Cropwell, AL 35054
Ms. Deborah Hall	Member	948 Linthicum Street Tarrant, AL 35217
Dr. Robert Harris	Member	1050 Jones Village Road Springville, AL 35146
Ms. Debbie Harrison	Member	5805 Rosewood Drive Gardendale, AL 35071
Ms. Peggy Horne	Member	3040 Galaxy Drive Hueytown, AL 35023
Mrs. Cathy Irvin	Secretary	320 Second Avenue East Oneonta, AL 35121
Mr. Bill Jones	Member	106 Ingram Street Cropwell, AL 35054
Ms. Faye Kelly	Member	957 Berrywood Drive Gardendale, AL 35071



**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**  
**SCHEDULE OF BOARD OF DIRECTORS AND OFFICIALS - CONTINUED**  
**September 30, 2020**

Mr. Lamar Kelly	President	853 Ridgecrest Drive Gardendale, AL 35071
Ms. Barbara Martin	Member	1516 5th Avenue West Birmingham, AL 35208
Mrs. Sandra Oden	Member	2926 Warrior River Road Hueytown, AL 35023
Ms. Charlene Rhodes	Member	111 Dannon Drive Gardendale, AL 35071
Ms. Laura Roberts	Member	1040 Park Drive Leeds, AL 35094
Mr. Jason Rose	Member	1228 Edinborough Lane Vestavia Hills, AL 35226
Mr. Jacob Scott	Member	1040 Park Drive Leeds, AL 35094
Ms. Lois Scott	Member	841 60th Street Fairfield, AL 35064
Mrs. Marianne Sharbel	Member	16 Cross Creek Drive Birmingham, AL 35213
Mrs. Cindy Smith	Assistant Secretary/Treasurer	433 Devon Drive Homewood, AL 35209
Ms. LaBeatix Tatum-Wright	Member	3405 Ashwood Road Hueytown, AL 35023
Mr. Marvin J. Thornton	Treasurer	3621 River Ridge Road Vestavia Hills, AL 35243
Mr. Jansen Voss	2nd VP/Secretary	4100 Old Leeds Road Mt. Brook, AL 35213
Ms. Kim Wesson	Member	1109 Truss Ferry Road Pell City, AL 35125



## **GOVERNMENT AUDIT SECTION**

***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***

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE***

***REPORT ON COMPLIANCE WITH DEPARTMENT OF MENTAL HEALTH CONTRACT WHEN THE  
AUDITOR'S PROCEDURES DISCLOSE NO MATERIAL INSTANCES OF NONCOMPLIANCE***

***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

***NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***



**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***

To the Members of the Board of Directors of the  
Jefferson - Blount- St. Clair Mental Health Authority

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 business-type activities of Jefferson - Blount- St. Clair Mental Health Authority (the Authority) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 22, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the basic financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 Authority’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 Authority’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Birmingham, Alabama  
September 22, 2021

*Phillip Morgan & Company P.C.*  
**Phillip Morgan & Company P.C.**



PHILLIP MORGAN & COMPANY P.C.  
— CERTIFIED PUBLIC ACCOUNTANTS —



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Members of the Board of Directors of the  
Jefferson – Blount - St. Clair Mental Health Authority

**Report on Compliance for Each Major Federal Program**

We have audited Jefferson – Blount – St. Clair Mental Health Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance with those requirements.

***Opinion on Each Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

## **Report on Internal Control over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Birmingham, Alabama  
September 22, 2021



**Phillip Morgan & Company P.C.**



PHILLIP MORGAN & COMPANY P.C.  
— CERTIFIED PUBLIC ACCOUNTANTS —



**REPORT ON COMPLIANCE WITH DEPARTMENT OF  
MENTAL HEALTH CONTRACT WHEN THE AUDITOR'S PROCEDURES DISCLOSE NO  
MATERIAL INSTANCES OF NONCOMPLIANCE**

To the Members of the Board of Directors of the  
Jefferson – Blount - St. Clair Mental Health Authority  
Birmingham, Alabama

We have audited the contract/grant agreement numbers G9-033249, G9-0325354, and G9-422278 between the Department of Mental Health (“DMH”) and Jefferson – Blount - St. Clair Mental Health Authority (the Authority) as of and for the year ended September 30, 2020.

Compliance with the DMH contracts/grants/agreements, and all laws, rules and regulations applicable to the Authority is the responsibility of the Authority’s management. As part of obtaining reasonable assurance about whether the contracts/grants/agreements, and all applicable laws and regulations were complied with, we performed certain tests of transactions and made other determinations as outlined in each requirement of Section 12, Audit for Compliance with the Contract of the *DMH Audit Guidelines*. Revenues and expenditures were analyzed to determine if they were in compliance with applicable terms and conditions of the contracts/grants/agreements. Funds claimed as match for federal programs were audited to determine if they were allowable and adequate to match the federal funds received.

The results of our tests disclosed no material instances of noncompliance with the DMH contracts/grants/agreements, and all applicable laws and regulations.

This report is intended solely for the information and use of the Board of Directors, management, and DMH and is not intended to be, and should not be, used by anyone other than these specified parties.

Birmingham, Alabama  
September 22, 2021

A handwritten signature in black ink that reads 'Phillip Morgan &amp; Company P.C.' in a cursive script.

**PHILLIP MORGAN & COMPANY P.C.**



**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended September 30, 2020**

Federal Grantor/Passthrough Grantor/Program Title	Direct/ Indirect Funding	Federal CFDA Number	Grantor's Number	Award Year Ending	Budget		Revenue Recognized	Expenditures of Federal Awards
					Total Expenses	Federal Share of Expenses		
Department of Health and Human Services								
Passed Through Alabama Department of Mental Health								
Block Grant for Community Mental Health Services	Indirect	93.958	B1-AL-CMHS	9/30/2020	\$ 19,949,580	\$ 3,611,550	\$ 4,250,101	\$ 4,250,101
Project for Assistance in Transition from Homelessness	Indirect	93.150	SMX060001	9/30/2020	<u>216,915</u>	<u>216,915</u>	<u>225,558</u>	<u>225,558</u>
Total Department of Health and Human Services					<u>20,166,495</u>	<u>3,828,465</u>	<u>4,475,659</u>	<u>4,475,659</u>
Department of Housing and Urban Development								
Supportive Housing Program	Direct	14.235	AL0019L4C001811	6/30/2020	363,418	363,418	320,606	320,606
Supportive Housing Program	Direct	14.235	AL0019L4C001912	6/30/2021	121,139	121,139	112,022	112,022
Supportive Housing Program - UAB	Direct	14.235	AL0021L4C001811	7/31/2020	496,687	496,687	493,269	493,269
Supportive Housing Program - UAB	Direct	14.235	AL0021L4C001912	7/31/2021	<u>99,337</u>	<u>99,337</u>	<u>107,418</u>	<u>107,418</u>
Total Department of Housing and Urban Development					<u>1,080,581</u>	<u>1,080,581</u>	<u>1,033,315</u>	<u>1,033,315</u>
Total Federal Awards					<u>\$ 21,247,076</u>	<u>\$ 4,909,046</u>	<u>\$ 5,508,974</u>	<u>\$ 5,508,974</u>

**Notes to Schedule of Expenditures of Federal Awards**

**Note 1 - Summary of Significant Accounting Policies**

The purpose of the Schedule of Expenditures of Federal Awards is to present a summary of the activities of the federal award programs of the Authority during the fiscal year. Because the schedule presents only a portion of the activities of the Authority, it is not intended to and does not present either the financial position or changes in net assets of the Authority. This schedule of expenditures of federal awards was prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the related liabilities are incurred. Expenditure driven grants are considered earned when the qualifying expenses have been incurred and all other grant requirements have been met. The Authority did not use the 10% de minimis cost rate.

**Note 2 - Basis of Presentation**

The schedule of expenditures of federal awards summarizes the expenditures of the Authority under programs of the federal government for the year ended September 30, 2020.

For purposes of the schedule of expenditures of federal awards, federal awards include all grants, contracts, and similar agreements entered into directly between the Authority and agencies and departments of the federal government, and all sub-awards to the Authority by nonfederal organizations pursuant to federal grants, contracts and similar agreements. Federal awards are classified into Major and Nonmajor programs in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

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**JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended September 30, 2020**

**I. Summary of Auditor's Results**

**Financial Statements**

- Type of auditor's report issued: Unmodified
- Internal control over financial reporting:
  - Material weakness(es) identified? \_\_\_ Yes X No
  - Significant deficiency(ies) identified not considered to be material weaknesses? \_\_\_ Yes X None Reported
- Noncompliance material to financial statements noted? \_\_\_ Yes X No

**Federal Awards**

- Internal control over major programs:
  - Material weakness(es) identified? \_\_\_ Yes X No
  - Significant deficiency(ies) identified not considered to be material weaknesses? \_\_\_ Yes X None Reported
- Type of auditor's report issued on compliance for major programs: Unmodified
- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_ Yes X No
- Identification of major programs:
 

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.958	Block Grants for Community Mental Health Services
14.235	Supportive Housing Program
- Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- Auditee qualified as a low-risk auditee? X Yes \_\_\_ No

**II. Financial Statement Findings**

None

**III. Federal Award Findings and Questioned Costs**

None

