

**NORTHWEST ALABAMA
MENTAL HEALTH CENTER**

**Audited Financial Statements and
Supplementary Information
September 30, 2020**



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

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NORTHWEST ALABAMA MENTAL HEALTH CENTER

**Audited Financial Statements and
Supplementary Information**

September 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northwest Alabama Mental Health Center
Jasper, Alabama

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of Northwest Alabama Mental Health Center, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise Northwest Alabama Mental Health Center'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.

Auditors' 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Northwest Alabama Mental Health Center, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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, the schedule of changes in the net pension liability, the schedule of employer pension plan contributions, the schedule of funding progress – other post employment benefits, and the schedule of employer contributions – other post employment benefits 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 financial statements, and other knowledge we obtained during our audit of the 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 Northwest Alabama Mental Health Center's basic financial statements. The other supplementary information and the additional information are presented for purposes of additional analysis and are 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.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedules in the additional information section have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2021, on our consideration of Northwest Alabama Mental Health Center's internal control over financial reporting and on 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 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 Northwest Alabama Mental Health Center's internal control over financial reporting and compliance.

Birmingham, Alabama
July 20, 2021

Phillip Morgan & Company P.C.
PHILLIP MORGAN & COMPANY P.C.



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



**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 Board of Directors
Northwest Alabama Mental Health Center
Jasper, Alabama

We have audited, in accordance with the 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 and the aggregate discretely presented component units of Northwest Alabama Mental Health Center as of and for the year ended September 30, 2020, and the related notes to the financial statements which collectively comprise Northwest Alabama Mental Health Center's basic financial statements and have issued our report thereon dated July 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwest Alabama Mental Health Center's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northwest Alabama Mental Health Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Alabama Mental Health Center'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 entity'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 Northwest Alabama Mental Health Center'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 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 Northwest Alabama Mental Health Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Alabama Mental Health Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Birmingham, Alabama
July 20, 2021



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 Board of Directors
Northwest Alabama Mental Health Center
Jasper, Alabama

Report on Compliance for Each Major Federal Program

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

Northwest Alabama Mental Health Center's financial statements include the operations of Berry Manor, Inc. and Hamilton Manor, Inc. which expended \$986,730 and \$985,934, respectively, in federal awards which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2020. Our audit, described below, did not include the operations of Berry Manor, Inc. and Hamilton Manor, Inc. because they were required to have separate audits in accordance with The Uniform Guidance.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Northwest Alabama Mental Health Center'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 Northwest Alabama Mental Health Center'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 program. However, our audit does not provide a legal determination of Northwest Alabama Mental Health Center's compliance.

Opinion on Each Major Program

In our opinion, Northwest Alabama Mental Health Center, complied, in all material respects, with the 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 Northwest Alabama Mental Health Center 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 Northwest Alabama Mental Health Center'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 the 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 Northwest Alabama Mental Health Center'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 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.

This 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
July 20, 2021



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

To the Board of Directors
Northwest Alabama Mental Health Center
Jasper, Alabama

We have audited the contract/grant agreement numbers G9033649, G0033649, G9135824, G0135824, G9264738, G0264738, G9326554, G0326554, G9353427, G0353427, G9341128, G0341128, G9454269, and G0454269 between the Department of Mental Health ("DMH") and Northwest Alabama Mental Health Center 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 Northwest Alabama Mental Health Center is the responsibility of Northwest Alabama Mental Health Center'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
July 20, 2021

A handwritten signature in cursive script that reads 'Phillip Morgan & Company P.C.'.

PHILLIP MORGAN & COMPANY P.C.

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NORTHWEST ALABAMA MENTAL HEALTH CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2020

INTRODUCTION

This section of the Northwest Alabama Mental Health Center's (the "Center's") annual financial report presents management's discussion and analysis of the Center's financial performance during the fiscal year ended September 30, 2020. This discussion and analysis should be read in conjunction with the accompanying financial statements and notes. The financial statements, notes, and this discussion are the responsibility of the management of Northwest Alabama Mental Health Center.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Center exceeded its liabilities and deferred inflows as of September 30, 2020, resulting in net position of \$14,638,444.
- The Center's net position increased by \$1,623,542 during the year.
- Capital assets net of accumulated depreciation decreased by \$347,613 during the year.
- Operating revenues increased by \$395,301 from the prior year.
- Operating expenses increased by \$1,112,845 from the prior year.
- The Center's net pension asset decreased by \$1,662,443 during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statement of net position includes all assets and liabilities. The difference between the assets and liabilities is reported as net position on the statement of net position. Over time, increases and decreases in the Center's net position are one indicator of whether its financial health is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis. Activities on this statement are reported as either operating or nonoperating. The utilization of capital assets is reflected as depreciation expense, which amortizes the cost of an asset over its estimated useful life.

The statement of cash flows presents information related to cash inflows and outflows summarized by operating, non-capital financing, capital, and related financing and investing activities. This statement reports the sources and uses of cash during the fiscal year and can provide a measure of the Center's ability to meet its financial obligations as they mature.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.



NORTHWEST ALABAMA MENTAL HEALTH CENTER

MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED

September 30, 2020

Condensed Statement of Net Position

	<u>2020</u>	<u>2019</u>
Assets and Deferred Outflows		
Current Assets.....	\$ 10,741,273	\$ 8,336,783
Capital Assets, Net of Depreciation.....	5,554,456	5,902,069
Net Pension Asset.....	970,995	2,633,438
Deferred Outflows.....	<u>1,229,486</u>	<u>827,922</u>
Total Assets and Deferred Outflows.....	<u>\$ 18,496,210</u>	<u>\$ 17,700,212</u>
Liabilities and Deferred Inflows		
Current Liabilities.....	\$ 1,343,648	\$ 351,437
Non-current Liabilities.....	2,099,575	2,673,948
Deferred Inflows.....	<u>414,543</u>	<u>1,659,925</u>
Total Liabilities and Deferred Inflows.....	<u>3,857,766</u>	<u>4,685,310</u>
Net Position		
Net Investment in Capital Assets.....	4,341,668	4,546,429
Restricted.....	556,452	1,028,845
Unrestricted.....	<u>9,740,324</u>	<u>7,439,628</u>
Total Net Position.....	<u>14,638,444</u>	<u>13,014,902</u>
Total Liabilities, Deferred Inflows, and Net Position.....	<u>\$ 18,496,210</u>	<u>\$ 17,700,212</u>

The net position of the Center increased by \$1,623,542, or 12.47%, during the year. Current assets increased by \$2,404,490. The net pension asset decreased by \$1,662,443. Current liabilities increased by \$992,211, and non-current liabilities decreased by \$574,373.

Condensed Statement of Revenues, Expenses, and Change in Net Position

	<u>2020</u>	<u>2019</u>
Operating Revenues.....	\$ 24,690,391	\$ 24,295,090
Operating Expenses.....	<u>23,384,481</u>	<u>22,271,636</u>
Operating Income (Loss).....	1,305,910	2,023,454
Non-operating Revenues (Expenses).....	<u>317,632</u>	<u>182,272</u>
Income (Loss) Before Contributions and Transfers.....	<u>1,623,542</u>	<u>2,205,726</u>
Capital Grants.....	-	-
Change in Net Position.....	<u>\$ 1,623,542</u>	<u>\$ 2,205,726</u>

The Center’s total operating revenue increased by \$395,301 or 1.63% from the preceding year, and the Center’s total operating expenses increased by \$1,112,845 or 4.99%. Total payroll, employee benefits and payroll taxes increased by \$1,326,620 to \$17,352,842. Total administrative costs increased by \$354,612 to \$3,745,393.



NORTHWEST ALABAMA MENTAL HEALTH CENTER

MANAGEMENT’S DISCUSSION AND ANALYSIS – CONTINUED

September 30, 2020

Condensed Statement of Cash Flows

	<u>2020</u>	<u>2019</u>
Cash Provided (Used) By:		
Operating Activities.....	\$ 1,001,987	\$ 1,726,119
Non-capital Financing Activities.....	319,149	213,812
Capital Related Financing Activities.....	(198,223)	(248,585)
Investing Activities.....	<u>53,613</u>	<u>29,766</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	1,176,526	1,721,112
Cash and Cash Equivalents, Beginning of Year.....	<u>5,754,834</u>	<u>4,033,722</u>
Cash and Cash Equivalents, End of Year.....	<u>\$ 6,931,360</u>	<u>\$ 5,754,834</u>

The Center’s cash and cash equivalents increased by \$1,176,526 from the prior year to a total of \$6,931,360 at year-end. Operating activities provided cash flows of \$1,001,987. Non-capital financing activities provided \$319,149 from donations and management fees. Capital and related financing activities used \$198,223 primarily for payment of principal and interest on loans. Investing activities provided \$53,613 of interest earned on temporary cash investments.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The economic viability of the Center is directly related to the Center’s ability to maintain its contracts with the Alabama State Department of Mental Health. The Center is also eligible to participate in Medicaid programs as a result of its relationship with the Alabama Department of Mental Health. Over 80% of the Center’s operating revenues result from this contractual relationship. At the time that the 2020-2021 budgets were prepared, the 2020-2021 contracts with the Alabama Department of Mental Health had been signed. The contracts were increased for inflationary purposes from the previous year. The Center expects to have adequate funding for fiscal year 2020-2021.



NORTHWEST ALABAMA MENTAL HEALTH CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

September 30, 2020

CONTACTING THE CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Northwest Alabama Mental Health Center's financial performance for the fiscal year ended September 30, 2020. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Phillip C. Grace, CPA
Northwest Alabama Mental Health Center
1100 7th Avenue
Jasper, Alabama 35501



BASIC FINANCIAL STATEMENTS

NORTHWEST ALABAMA MENTAL HEALTH CENTER

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government	Component Units HUD Homes
Assets		
Current Assets		
Cash and cash equivalents.....	\$ 6,931,360	\$ 11,681
Accounts receivable - patients.....	4,104,242	-
Accounts receivable - government and other.....	2,720,189	-
Allowance for doubtful accounts.....	(3,373,701)	-
Prepays.....	359,183	-
Total Current Assets	<u>10,741,273</u>	<u>11,681</u>
Restricted Cash and Cash Equivalents	<u>-</u>	<u>317,647</u>
Property and Equipment		
Land.....	497,509	224,253
Buildings.....	8,855,348	5,046,892
Equipment and vehicles.....	4,272,997	290,414
Construction in progress.....	-	-
Total Property and Equipment	<u>13,625,854</u>	<u>5,561,559</u>
Less: Accumulated depreciation.....	<u>(8,071,398)</u>	<u>(3,218,264)</u>
Net Property and Equipment	<u>5,554,456</u>	<u>2,343,295</u>
Net Pension Asset	<u>970,995</u>	<u>-</u>
Total Assets	<u>17,266,724</u>	<u>2,672,623</u>
Deferred Outflows		
Deferred Outflows - Pension.....	1,072,787	-
Deferred Outflows - OPEB.....	156,699	-
Total Deferred Outflows	<u>1,229,486</u>	<u>-</u>
Liabilities		
Current Liabilities		
Accounts payable and other current liabilities.....	182,520	390,703
Compensated absences.....	276,459	-
Current portion of long-term debt.....	884,669	53,260
Total Current Liabilities	<u>1,343,648</u>	<u>443,963</u>
Current Liabilities Payable From Restricted Assets	<u>-</u>	<u>29,392</u>
Noncurrent Liabilities		
Compensated absences.....	-	-
Net OPEB obligation.....	1,771,456	-
Long-term debt.....	328,119	4,372,972
Total Noncurrent Liabilities	<u>2,099,575</u>	<u>4,372,972</u>
Total Liabilities	<u>3,443,223</u>	<u>4,846,327</u>
Deferred Inflows		
Deferred Inflows - Pension.....	414,543	-
Deferred Inflows - OPEB.....	-	-
Total Deferred Inflows	<u>414,543</u>	<u>-</u>
Net Position		
Net investment in capital assets.....	4,341,668	(2,112,937)
Restricted.....	556,452	(60,767)
Unrestricted.....	9,740,324	-
Total Net Position	<u>\$ 14,638,444</u>	<u>\$ (2,173,704)</u>

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

NORTHWEST ALABAMA MENTAL HEALTH CENTER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended September 30, 2020

	Primary Government	Component Units HUD Homes
Operating Revenues		
Federal government.....	\$ 11,295,133	\$ 325,372
State government.....	9,085,967	-
Fees.....	2,437,584	371,457
Other.....	1,871,707	-
Total Operating Revenues.....	24,690,391	696,829
Operating Expenses		
Administrative.....	3,745,393	191,842
Program:		
Mental illness and other.....	12,741,281	-
Intellectually disabled.....	4,847,005	-
Substance abuse.....	2,050,802	-
Housing.....	-	472,522
Total Operating Expenses.....	23,384,481	664,364
Operating Income (Loss).....	1,305,910	32,465
Nonoperating Revenues (Expenses)		
Interest and other investment revenue.....	53,613	108
Management fees.....	297,747	-
Donations.....	21,402	-
Interest expense.....	(55,130)	(68,583)
Total Nonoperating Revenues (Expenses).....	317,632	(68,475)
Income (Loss) Before Contributions and Transfers...	1,623,542	(36,010)
Capital Grants.....	-	-
Change in Net Position.....	1,623,542	(36,010)
Net Position, Beginning of Year.....	13,014,902	(2,137,694)
Net Position, End of Year.....	\$ 14,638,444	\$ (2,173,704)

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

NORTHWEST ALABAMA MENTAL HEALTH CENTER

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2020

	Primary Government	Component Units HUD Homes
Cash Flows From Operating Activities		
Receipts from clients and others.....	\$ 23,423,455	\$ 696,829
Payments to suppliers.....	(5,645,114)	(445,778)
Payments to employees.....	<u>(16,776,354)</u>	<u>(81,048)</u>
Net Cash Provided (Used) by Operating Activities.....	<u>1,001,987</u>	<u>170,003</u>
Cash Flows From Noncapital Financing Activities		
Management fees received.....	297,747	-
Donations received.....	<u>21,402</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities.....	<u>319,149</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities		
Principal payments on capital debt.....	(142,852)	(48,759)
Interest paid on capital debt.....	(55,371)	(42,531)
Acquisition and construction of capital assets.....	<u>-</u>	<u>(68,936)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities.....	<u>(198,223)</u>	<u>(160,226)</u>
Cash Flows From Investing Activities		
Deposits to reserve accounts.....	-	(26,236)
Withdrawals from reserve accounts.....	-	16,675
Interest received.....	<u>53,613</u>	<u>108</u>
Net Cash Provided (Used) by Investing Activities.....	<u>53,613</u>	<u>(9,453)</u>
Net Increase (Decrease) in Cash Cash Equivalents.....	1,176,526	324
Cash and Cash Equivalents, Beginning of Year.....	<u>5,754,834</u>	<u>11,357</u>
Cash and Cash Equivalents, End of Year.....	<u>\$ 6,931,360</u>	<u>\$ 11,681</u>

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

NORTHWEST ALABAMA MENTAL HEALTH CENTER

STATEMENT OF CASH FLOWS - CONTINUED

For the Year Ended September 30, 2020

	Primary Government	Component Units <u>HUD Homes</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss).....	\$ 1,305,910	\$ 32,465
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation.....	347,613	146,377
Changes in operating assets and liabilities:		
Receivables, net.....	(1,266,936)	-
Prepays.....	38,972	-
Accounts payable and accrued liabilities.....	(60)	(8,839)
Compensated absences.....	250,722	-
Net pension asset/liability and related deferred inflows and outflows.....	227,528	-
Net OPEB obligation and related deferred inflows and outflows.....	98,238	-
Net Cash Provided (Used) by Operating Activities.....	<u>\$ 1,001,987</u>	<u>\$ 170,003</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

NORTHWEST ALABAMA MENTAL HEALTH CENTER

COMBINING STATEMENT OF NET POSITION - HUD HOMES

September 30, 2020

	Berry Manor	C.A.P.E.	Genesis House	Hamilton Manor	Industrial Missions	L.D. Thomas House	Spring Hills Homes	Sulligent Apartments	Sunburst Homes	Totals
Assets										
Current Assets										
Cash and cash equivalents.....	\$ 2,026	\$ 1,648	\$ 3,460	\$ 488	\$ 467	\$ 699	\$ 1,476	\$ 346	\$ 1,071	\$ 11,681
Accounts receivable.....	-	-	-	-	-	-	-	-	-	-
Allowance for doubtful accounts.....	-	-	-	-	-	-	-	-	-	-
Total Current Assets.....	<u>2,026</u>	<u>1,648</u>	<u>3,460</u>	<u>488</u>	<u>467</u>	<u>699</u>	<u>1,476</u>	<u>346</u>	<u>1,071</u>	<u>11,681</u>
Restricted Cash and Cash Equivalents.....	<u>50,793</u>	<u>10,980</u>	<u>24,689</u>	<u>49,013</u>	<u>73,301</u>	<u>24,341</u>	<u>20,762</u>	<u>24,856</u>	<u>38,912</u>	<u>317,647</u>
Property and Equipment										
Land.....	20,500	51,903	13,500	2,750	6,900	10,000	58,000	17,500	43,200	224,253
Buildings.....	940,823	256,407	240,659	935,478	235,766	435,471	671,662	372,211	958,415	5,046,892
Equipment and vehicles.....	56,944	7,602	25,170	46,447	48,429	18,180	8,026	36,851	42,765	290,414
Total Property and Equipment.....	<u>1,018,267</u>	<u>315,912</u>	<u>279,329</u>	<u>984,675</u>	<u>291,095</u>	<u>463,651</u>	<u>737,688</u>	<u>426,562</u>	<u>1,044,380</u>	<u>5,561,559</u>
Less: accumulated depreciation.....	(508,870)	(156,061)	(183,423)	(507,217)	(262,262)	(258,671)	(388,734)	(236,630)	(716,396)	(3,218,264)
Net Property and Equipment.....	<u>509,397</u>	<u>159,851</u>	<u>95,906</u>	<u>477,458</u>	<u>28,833</u>	<u>204,980</u>	<u>348,954</u>	<u>189,932</u>	<u>327,984</u>	<u>2,343,295</u>
Total Assets.....	<u>\$ 562,216</u>	<u>\$ 172,479</u>	<u>\$ 124,055</u>	<u>\$ 526,959</u>	<u>\$ 102,601</u>	<u>\$ 230,020</u>	<u>\$ 371,192</u>	<u>\$ 215,134</u>	<u>\$ 367,967</u>	<u>\$ 2,672,623</u>
Liabilities and Net Position										
Current Liabilities										
Accounts payable and other current liabilities.....	\$ 104,307	\$ 2,154	\$ 1,298	\$ 45,610	\$ 1,898	\$ 27,196	\$ 52,021	\$ 46,709	\$ 109,510	\$ 390,703
Current portion of long-term debt.....	-	-	6,925	-	13,874	-	-	-	32,461	53,260
Total Current Liabilities.....	<u>104,307</u>	<u>2,154</u>	<u>8,223</u>	<u>45,610</u>	<u>15,772</u>	<u>27,196</u>	<u>52,021</u>	<u>46,709</u>	<u>141,971</u>	<u>443,963</u>
Current Liabilities Payable From Restricted Assets.....										
	4,013	1,002	1,122	3,350	2,585	2,736	1,838	1,552	11,194	29,392
Long-Term Debt.....	<u>951,800</u>	<u>261,800</u>	<u>140,681</u>	<u>951,800</u>	<u>56,666</u>	<u>432,200</u>	<u>668,600</u>	<u>387,300</u>	<u>522,125</u>	<u>4,372,972</u>
Total Liabilities.....	<u>1,060,120</u>	<u>264,956</u>	<u>150,026</u>	<u>1,000,760</u>	<u>75,023</u>	<u>462,132</u>	<u>722,459</u>	<u>435,561</u>	<u>675,290</u>	<u>4,846,327</u>
Net Position										
Net investment in capital assets.....	(442,403)	(101,949)	(51,700)	(504,342)	(41,707)	(227,220)	(319,646)	(197,368)	(226,602)	(2,112,937)
Restricted for housing.....	(55,501)	9,472	25,729	30,541	69,285	(4,892)	(31,621)	(23,059)	(80,721)	(60,767)
Unrestricted.....	-	-	-	-	-	-	-	-	-	-
Total Net Position.....	<u>(497,904)</u>	<u>(92,477)</u>	<u>(25,971)</u>	<u>(473,801)</u>	<u>27,578</u>	<u>(232,112)</u>	<u>(351,267)</u>	<u>(220,427)</u>	<u>(307,323)</u>	<u>(2,173,704)</u>
Total Liabilities and Net Position..	<u>\$ 562,216</u>	<u>\$ 172,479</u>	<u>\$ 124,055</u>	<u>\$ 526,959</u>	<u>\$ 102,601</u>	<u>\$ 230,020</u>	<u>\$ 371,192</u>	<u>\$ 215,134</u>	<u>\$ 367,967</u>	<u>\$ 2,672,623</u>

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

NORTHWEST ALABAMA MENTAL HEALTH CENTER

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - HUD HOMES

For the Year Ended September 30, 2020

	Berry Manor	C.A.P.E.	Genesis House	Hamilton Manor	Industrial Missions	L.D. Thomas House	Spring Hills Homes	Sulligent Apartments	Sunburst Homes	Totals
Operating Revenues										
Federal government.....	\$ 34,930	\$ 11,443	\$ 31,764	\$ 34,134	\$ 36,437	\$ 19,373	\$ 36,072	\$ 16,609	\$ 104,610	\$ 325,372
Fees.....	50,489	17,026	24,581	51,389	32,143	40,172	30,348	15,832	109,477	371,457
Total Operating Revenues.....	85,419	28,469	56,345	85,523	68,580	59,545	66,420	32,441	214,087	696,829
Operating Expenses										
Administrative.....	26,688	11,488	14,809	26,211	16,712	21,776	19,785	9,623	44,750	191,842
Program - Housing.....	80,622	21,679	24,017	78,564	24,928	45,279	56,972	33,496	106,965	472,522
Total Operating Expenses.....	107,310	33,167	38,826	104,775	41,640	67,055	76,757	43,119	151,715	664,364
Operating Income (Loss).....	(21,891)	(4,698)	17,519	(19,252)	26,940	(7,510)	(10,337)	(10,678)	62,372	32,465
Nonoperating Revenues (Expenses)										
Interest and other investment income.....	6	18	44	5	15	5	4	4	7	108
Interest expense.....	-	-	(13,597)	-	(7,168)	-	-	-	(47,818)	(68,583)
Total Nonoperating Revenues (Expenses).....	6	18	(13,553)	5	(7,153)	5	4	4	(47,811)	(68,475)
Change in Net Position.....	(21,885)	(4,680)	3,966	(19,247)	19,787	(7,505)	(10,333)	(10,674)	14,561	(36,010)
Net Position, Beginning of Year.....	(476,019)	(87,797)	(29,937)	(454,554)	7,791	(224,607)	(340,934)	(209,753)	(321,884)	(2,137,694)
Net Position, End of Year.....	\$ (497,904)	\$ (92,477)	\$ (25,971)	\$ (473,801)	\$ 27,578	\$ (232,112)	\$ (351,267)	\$ (220,427)	\$ (307,323)	\$ (2,173,704)

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

NORTHWEST ALABAMA MENTAL HEALTH CENTER

COMBINING STATEMENT OF CASH FLOWS - HUD HOMES

For the Year Ended September 30, 2020

	Berry Manor	C.A.P.E.	Genesis House	Hamilton Manor	Industrial Missions	L.D. Thomas House	Spring Hills Homes	Sulligent Apartments	Sunburst Homes	Totals
Cash Flows From Operating Activities										
Receipts from customers and users.....	\$ 85,419	\$ 28,469	\$ 56,345	\$ 85,523	\$ 68,580	\$ 59,545	\$ 66,420	\$ 32,441	\$ 214,087	\$ 696,829
Payments to suppliers.....	(71,384)	(23,698)	(27,382)	(68,428)	(29,401)	(47,161)	(52,858)	(27,103)	(98,363)	(445,778)
Payments to employees.....	(11,584)	(1,210)	(4,181)	(11,226)	(7,866)	(9,019)	(6,984)	(1,819)	(27,159)	(81,048)
Net Cash Provided (Used) By Operating Activities.....	<u>2,451</u>	<u>3,561</u>	<u>24,782</u>	<u>5,869</u>	<u>31,313</u>	<u>3,365</u>	<u>6,578</u>	<u>3,519</u>	<u>88,565</u>	<u>170,003</u>
Cash Flows from Capital and Related Financing Activities										
Principal payments on capital debt.....	-	-	(6,246)	-	(12,652)	-	-	-	(29,861)	(48,759)
Acquisition of capital assets.....	(8,725)	(12,098)	-	(2,800)	(8,208)	-	(5,700)	-	(5,000)	(42,531)
Interest paid on capital debt.....	-	-	(13,645)	-	(7,265)	-	-	-	(48,026)	(68,936)
Net Cash Provided (Used) By Capital and Related Financing Activities.....	<u>(8,725)</u>	<u>(12,098)</u>	<u>(19,891)</u>	<u>(2,800)</u>	<u>(28,125)</u>	<u>-</u>	<u>(5,700)</u>	<u>-</u>	<u>(82,887)</u>	<u>(160,226)</u>
Cash Flows from Investing Activities										
Deposits to reserve accounts.....	(332)	-	(3,154)	(3,331)	(5,849)	(4,632)	(178)	(3,488)	(5,272)	(26,236)
Withdrawals from reserve accounts.....	8,320	8,058	-	-	-	-	297	-	-	16,675
Interest received.....	6	18	44	5	15	5	4	4	7	108
Net Cash Provided (Used) By Investing Activities.....	<u>7,994</u>	<u>8,076</u>	<u>(3,110)</u>	<u>(3,326)</u>	<u>(5,834)</u>	<u>(4,627)</u>	<u>123</u>	<u>(3,484)</u>	<u>(5,265)</u>	<u>(9,453)</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	<u>1,720</u>	<u>(461)</u>	<u>1,781</u>	<u>(257)</u>	<u>(2,646)</u>	<u>(1,262)</u>	<u>1,001</u>	<u>35</u>	<u>413</u>	<u>324</u>
Cash and Cash Equivalents, Beginning of Year.....	306	2,109	1,679	745	3,113	1,961	475	311	658	11,357
Cash and Cash Equivalents, End of Year.....	<u>\$ 2,026</u>	<u>\$ 1,648</u>	<u>\$ 3,460</u>	<u>\$ 488</u>	<u>\$ 467</u>	<u>\$ 699</u>	<u>\$ 1,476</u>	<u>\$ 346</u>	<u>\$ 1,071</u>	<u>\$ 11,681</u>

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

NORTHWEST ALABAMA MENTAL HEALTH CENTER

COMBINING STATEMENT OF CASH FLOWS - HUD HOMES – CONTINUED

For the Year Ended September 30, 2020

	Berry Manor	C.A.P.E.	Genesis House	Hamilton Manor	Industrial Missions	L.D. Thomas House	Spring Hills Homes	Sulligent Apartments	Sunburst Homes	Totals
Reconciliation of Operating Income										
(Loss) to Net Cash Provided										
(Used) by Operating Activities										
Operating Income (Loss).....	\$ (21,891)	\$ (4,698)	\$ 17,519	\$ (19,252)	\$ 26,940	\$ (7,510)	\$ (10,337)	\$ (10,678)	\$ 62,372	\$ 32,465
Depreciation.....	27,888	8,234	7,097	27,318	3,020	12,728	18,615	12,556	28,921	146,377
Change in receivables.....	-	-	-	-	-	-	-	-	-	-
Change in accounts payable and accrued liabilities.....	(3,546)	25	166	(2,197)	1,353	(1,853)	(1,700)	1,641	(2,728)	(8,839)
Net Cash Provided (Used) by Operating Activities.....	\$ 2,451	\$ 3,561	\$ 24,782	\$ 5,869	\$ 31,313	\$ 3,365	\$ 6,578	\$ 3,519	\$ 88,565	\$ 170,003

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

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NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 1 - Summary of Significant Accounting Policies

Northwest Alabama Mental Health Center (“the Center”) was formed as a community mental health center in February 1974. The Fayette, Lamar, Walker, Marion, and Winston County Commissions authorized the incorporation of the Center, and, together with other local governments located in these counties, appoint the members of the Center’s board of directors. From its main office in Jasper, Alabama, the Center administers facilities throughout the five-county area.

The accompanying financial statements of the Center have been prepared in accordance with accounting principles (“GAAP”) generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitute the primary sources of GAAP for governmental units. The more significant accounting policies applicable to the Center are described below.

Reporting Entity: The Center provides any one or more of the following services: inpatient, outpatient, partial hospitalization, emergency care, community education and consultation, diagnosis evaluation, rehabilitation, pre-care, residential care, after care, and the prevention of all forms of mental or emotional illness, including, but not limited to alcoholism, drug addiction, epilepsy, or mental retardation. The Center provides these services primarily in Fayette, Lamar, Walker, Marion and Winston counties in Alabama. As required by U.S. generally accepted accounting principles, these financial statements present Northwest Alabama Mental Health Center (the primary government) and its component units, legally separate entities for which the Center is considered to be financially accountable. Some of the discretely presented component units have year-ends that differ from the Center’s fiscal year end. In those cases, the Center’s financial statements incorporate the component unit’s fiscal year ending during the Center’s fiscal year.

Component Units: Berry Manor, Inc., C.A.P.E., Inc., Genesis House, Inc., Hamilton Manor, Inc., Industrial Missions Housing Authority, L.D. Thomas House, Inc., Spring Hills Homes, Inc., Sulligent Apartments, Inc., and Sunburst Homes, Inc. (the “HUD Homes”) provide residential programs funded primarily by the U.S. Department of Housing and Urban Development. The HUD Homes share common directors and program administrators with the Center. The Center performs all managerial functions of the HUD Homes, and is responsible for ensuring that all compliance requirements are met.

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 1 - Summary of Significant Accounting Policies - Continued

Complete financial statements for each of the individual component units of the Center may be obtained by written request to:

Phillip C. Grace, CPA
Northwest Alabama Mental Health Center
1100 7th Avenue
Jasper, AL 35501

Measurement Focus, Basis of Accounting and Basis of Presentation: The Center's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, net position, revenues and expenses are accounted for through a single enterprise fund with all revenues recorded when earned and expenses recorded at the time liabilities are incurred.

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

The Center distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the Center's principal ongoing operations. The Center receives Federal and State grants that are essentially fees for services to patients. These grants are reported as operating revenues. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgeting: The Center's annual budgeting process is a financial planning tool used to establish the estimated revenues and expenses for the year. The annual budget is developed after reviewing revenue forecasts, the impact of funding increases or decreases, prior year actual results, current program levels, new operating requirements, and the overall economic climate. The budget to actual results are reviewed periodically throughout the year.

Cash and Cash Equivalents: For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Center.

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 1 - Summary of Significant Accounting Policies - Continued

Investments: Investments with an original maturity greater than one year are recorded at their fair value with all investment income, including changes in their fair value, reported as investment income in the financial statements. Investments with an original maturity of less than one year are carried at amortized cost.

Patient Receivables: An amount for unpaid patient services is recorded as a receivable in the records of the Center. An appropriate amount has been reserved as uncollectible based upon prior history of uncollected receivables.

Government and Other Receivables: An amount for unpaid services under government grants and contracts, and other contracts is recorded as a receivable in the records of the Center. This amount represents fees for services, reimbursements, draws on contractual obligations or budgeted appropriations. An appropriate amount has been reserved as uncollectible based upon prior history of uncollected receivables.

Inventory: Pharmaceutical inventory is valued at cost (first-in, first-out). The cost is recorded as expenditure at the time individual inventory items are consumed.

Prepaid Items: Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items.

Restricted assets: Certain assets of the Center's component units are classified as restricted assets because they are maintained in separate bank accounts and their use is limited by applicable agreements with the U.S. Department of Housing and Urban Development.

Capital assets: Capital assets, which include property and equipment, are defined by the Center as assets with an initial, individual cost of at least \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 1 - Summary of Significant Accounting Policies - Continued

Capital assets of the primary government and the component units are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Lives</u>
Buildings	10-40
Equipment and vehicles	5-10

Compensated Absences Payable: The Center records the liability that exists for accrued compensated absences. According to the Center’s written personnel policies, a terminated employee is entitled to be paid at his or her current salary rate for unused annual leave accrued to them up to a stated maximum number of working days. The liability for accrued absences was calculated based on this written policy.

Long-term Obligations: Long-term debt is recognized as a liability in the statement of net position. Premiums and discounts are deferred and amortized over the life of the debt. Long-term debt is reported net of premiums and discounts. Issuance costs are expensed in the period of issuance.

Pension Plan: The Retirement System of Alabama (the Plan) financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net pension liability\asset, deferred inflows and outflows of resources, and pension expense. Contributions are recognized as revenues when earned, 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, and investments are recorded at fair value. The Plan is considered a component unit of the State of Alabama.

Other Post-Employment Benefits: The fiduciary net position of the Retiree Health Benefits Plan has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with benefit terms, and expenses are recognized when the corresponding liability is incurred. There are no cash balances or investments as this is a pay-as-you-go plan.

Net Position: Net Position are reported in the financial statements and are classified into the following categories:

- Net investment in capital assets,
- Restricted, and
- Unrestricted.

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 1 - Summary of Significant Accounting Policies – Continued

Net Position - Continued: Restricted net position's use by the Center is subject to externally imposed stipulations that can be fulfilled by actions of the Center or that expire with the passage of time. Unrestricted net position is not subject to external restrictions but may be designated for specific purposes by management or the Board of Directors.

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.

Subsequent Events: In preparing the financial statements, management evaluated subsequent events through July 20, 2021, the date the financial statements were available to be issued.

Risk Management: The Center is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health; and natural disasters. The Center maintains commercial insurance coverage covering each of the above risks of loss. Management believes that the coverage is adequate to preclude any significant uninsured risk exposure to the Center. Settlements have not exceeded coverages in any of the last three fiscal years.

Reclassifications: Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

Note 2 - Deposits and Investments

At year-end, the Center's carrying amount of deposits was \$6,916,404 and the bank balance was \$6,924,964. All of the bank balance was covered by Federal Depository Insurance or by the State of Alabama's SAFE Program. The SAFE Program requires all covered public entities to deposit their funds with financial institutions that meet the requirements of the SAFE Program and that have been designated as Qualified Public Depositories ("QPD's"). These funds are protected by a collateral pool administered by the State Treasurer. In the event of a failure of a QPD, securities pledged by that QPD would be liquidated by the State Treasurer to replace the public deposits not covered by the FDIC.

Federal Depository Insurance covered all bank balances of deposits for the component units.

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 3 - Receivables

Receivables as of year-end for the primary government, including the applicable allowance for doubtful accounts, are as follows:

Patients:	
Self Pay.....	\$ 2,582,401
Medicare.....	547,059
Other Insurance.....	974,782
Subtotal.....	<u>4,104,242</u>
Government and Other:	
Medicaid.....	1,638,111
Federal and State Grants.....	1,082,078
Subtotal.....	<u>2,720,189</u>
Gross Receivables.....	6,824,431
Less: Allowance for Doubtful Accounts.....	<u>(3,373,701)</u>
Net Receivables.....	<u>\$ 3,450,730</u>

Revenues are reported net of uncollectible amounts.

Note 4 - Capital Assets

A summary of changes in capital assets of the primary government follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land.....	\$ 497,509	\$ -	\$ -	\$ 497,509
Buildings.....	8,855,348	-	-	\$ 8,855,348
Furniture and equipment.....	4,272,997	-	-	\$ 4,272,997
Construction in progress.....	-	-	-	-
Total Capital Assets.....	13,625,854	-	-	\$ 13,625,854
Less: Accumulated Depreciation.....	<u>(7,723,785)</u>	<u>(347,613)</u>	-	<u>(8,071,398)</u>
Net Capital Assets.....	<u>\$ 5,902,069</u>	<u>\$ (347,613)</u>	<u>\$ -</u>	<u>\$ 5,554,456</u>

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 4 - Capital Assets - Continued

Land and construction in progress are not depreciated. Depreciation expense was charged to functions/programs of the primary government as follows:

Administrative.....	\$	120,450
Mental Illness and Other.....		175,448
Intellectually Disabled.....		37,456
Substance Abuse.....		<u>14,259</u>
Total.....	\$	<u>347,613</u>

Note 5 - Tax and Corporate Status

The Center is a tax-exempt organization under the provisions of Section 501(c)(3) 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 Center has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Internal Revenue Code Section 509(a). There was no material amount of unrelated business income during the year ended September 30, 2020. With few exceptions, the Center is no longer subject to federal income tax examinations by tax authorities for years ended before September 30, 2017.

Note 6 - Litigation

Various lawsuits are pending against the Center. In addition, claims have been filed which have not yet resulted in lawsuits. While one or more of the matters could have an adverse impact on the Center, which would be considered material to these financial statements, it is not possible to determine if an unfavorable outcome is probable nor is it possible to reasonably estimate the potential loss, if any.

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NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 7 - Long-term Debt

Notes and mortgages payable consist of the following:

Collateral	Balance	Interest Rate
Start.....	\$ 796,850	4.25%
Hamilton Manor.....	133,112	5.50%
Lamar County Children Services.....	29,073	4.75%
Fayette Children's.....	133,064	3.00%
Murphy House.....	58,172	4.00%
Hamilton Children's.....	<u>62,517</u>	3.00%
 Total.....	 <u>\$ 1,212,788</u>	

Annual debt service requirements to maturity for notes and mortgages payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2021.....	\$ 884,669	\$ 20,691	\$ 905,360
2022.....	91,927	10,962	102,889
2023.....	77,172	6,791	83,963
2024.....	43,911	4,584	48,495
2025.....	37,519	3,213	40,732
2026-2030.....	<u>77,590</u>	<u>3,012</u>	<u>80,602</u>
 Total.....	 <u>\$ 1,212,788</u>	 <u>\$ 49,253</u>	 <u>\$ 1,262,041</u>

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 7 - Long-term Debt - Continued

During the year ended September 30, 2020, the following changes occurred in the primary government's liabilities reported as long-term debt:

Description	Beginning Balance	Additional Borrowings	Repayments	Ending Balance	Current Portion	Long-Term Portion
Notes and Mortgages Payable.....	\$ 1,355,640	\$ -	\$ (142,852)	\$ 1,212,788	\$ 884,669	\$ 328,119

In order to obtain financing for the construction or refurbishing of housing for the elderly or handicapped persons, each HUD project had to enter into a real estate mortgage payable to HUD. The terms of the mortgages are as follows:

- (1) Berry Manor, Inc. - A 6.25% forty (40) year mortgage note payable to and insured by HUD. Interest and principal payments are waived as long as the housing remains available for very low-income persons with disabilities in compliance with HUD guidelines.
- (2) C.A.P.E., Inc. - A 6.625% forty (40) year mortgage note payable to and insured by HUD. Interest and principal payments are waived as long as the housing remains available for very low-income persons with disabilities in compliance with HUD guidelines.
- (3) Genesis House, Inc. - A 9% forty (40) year mortgage note payable to and insured by HUD payable in monthly installments of \$1,660.74 (including interest).
- (4) Hamilton Manor, Inc. - A 6.25% forty (40) year mortgage note payable to and insured by HUD. Interest and principal payments are waived as long as the housing remains available for very low-income persons with disabilities in compliance with HUD guidelines.
- (5) Industrial Missions Housing Authority - A 9.25% forty (40) year mortgage note payable to and insured by HUD payable in monthly installments of \$1,651.69 (including interest).
- (6) L.D. Thomas House, Inc. - A 6.625% forty (40) year mortgage note payable to and insured by HUD. Interest and principal payments are waived as long as the housing remains available for very low-income persons with disabilities in compliance with HUD guidelines.

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 7 - Long-term Debt - Continued

- (7) Spring Hills Homes, Inc. - A 6.625% forty (40) year mortgage note payable to and insured by HUD. Interest and principal payments are waived as long as the housing remains available for very low-income persons with disabilities in compliance with HUD guidelines.
- (8) Sulligent Apartments, Inc. - A 6.625% forty (40) year mortgage note payable to and insured by HUD. Interest and principal payments are waived as long as the housing remains available for very low-income persons with disabilities in compliance with HUD guidelines.
- (9) Sunburst Homes, Inc. - A 8.375% forty (40) year mortgage note payable to and insured by HUD payable in monthly installments of \$6,473.33 (including interest).

As additional security for the loans, all HUD projects have pledged all rental income, including any Housing Assistance Payments, to HUD.

During the year ended September 30, 2020, the following changes occurred in the long-term debt of component units:

	Beginning Balance	Additional Borrowings	Repayments	Ending Balance	Current Portion	Long-Term Portion
Berry Manor, Inc.....	\$ 951,800	\$ -	\$ -	\$ 951,800	\$ -	\$ 951,800
C.A.P.E., Inc.....	261,800	-	-	261,800	-	261,800
Genesis House, Inc....	153,852	-	(6,246)	147,606	6,925	140,681
Hamilton Manor, Inc..	951,800	-	-	951,800	-	951,800
Industrial Missions						
Housing Authority..	83,192	-	(12,652)	70,540	13,874	56,666
L.D. Thomas						
House, Inc.....	432,200	-	-	432,200	-	432,200
Spring Hills						
Homes, Inc.....	668,600	-	-	668,600	-	668,600
Sulligent						
Apartments, Inc....	387,300	-	-	387,300	-	387,300
Sunburst Homes, Inc..	584,447	-	(29,861)	554,586	32,461	522,125
Totals.....	<u>\$ 4,474,991</u>	<u>\$ -</u>	<u>\$ (48,759)</u>	<u>\$ 4,426,232</u>	<u>\$ 53,260</u>	<u>\$ 4,372,972</u>

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 8 - Contingent Liabilities

The Center has received federal and state grants and Medicare and Medicaid funding for specific purposes and services and are subject to review and audit by government agencies. Such audits could lead to requests for reimbursements to the agency for amounts disallowed.

Note 9 - Defined Contribution Pension Plan

The Center provides a defined contribution pension plan for its employees. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

All full-time employees may participate after the successful completion of their six-month probationary employment. Employees may elect to contribute a percentage of their salary to the plan. The Center does not make matching contributions to the plan.

Note 10 - Defined Benefit Pension Plan

Plan Description: The Center 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.

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,

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 10 - Defined Benefit Pension Plan – Continued

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.

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 (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

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 10 - Defined Benefit Pension Plan - Continued

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. ERS membership includes over 80,000 participants. As of September 30, 2019, the Center’s membership consisted of:

Retired members or their beneficiaries currently receiving benefits.....	120
Vested inactive members.....	14
Non-vested inactive members.....	489
Active members.....	543
Post-DROP retired members still in active service.....	-
Total.....	<u>1,166</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.

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

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 10 - Defined Benefit Pension Plan - Continued

Plan. For the year ended September 30, 2020, the Center’s active employee contribution rate was 5% of covered payroll for Tier 1 employees and 6% of covered payroll for Tier 2 employees, and the Center’s average contribution rate to fund the normal and accrued liability costs was 1.91% of covered employee payroll.

The Center’s contractually required contribution rate for the year ended September 30, 2020 was 3.56% of covered payroll for Tier 1 employees, and 0.62% of covered payroll for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2017, 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 Center were \$241,479 for the year ended September 30, 2020.

Net Pension Liability (Asset)

The Center’s net pension liability/asset was measured as of September 30, 2019, and the total pension liability (TPL) 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>
(a) TPL as of September 30, 2018.....	\$ 28,028,071	\$ 28,174,680
(b) Discount Rate	7.70%	7.70%
(c) Entry Age Normal Cost for the period October 1, 2018 - September 30, 2019.....	1,104,924	1,104,924
(d) Transfers Among Employers	-	(65,041)
(e) Actual Benefit Payments and Refunds for the period October 1, 2018 - September 30, 2019.....	<u>(2,048,676)</u>	<u>(2,048,676)</u>
(f) TPL as of September 30, 2019 = [(a) x (1+(b))] + (c) + (d) + [(e) x (1 + 0.5 * (b))].....	<u>\$ 29,163,606</u>	<u>\$ 29,256,463</u>
(g) Difference Between Expected and Actual.....		\$ 92,857
(h) Less Liability Transferred for Immediate Recognition.....		<u>(65,041)</u>
(i) Experience (Gain)/Loss = (g) - (h).....		<u>\$ 157,898</u>

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 10 - Defined Benefit Pension Plan - Continued

Actuarial assumptions – The total pension liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in this measurement:

Inflation	2.75%
Salary increases	3.25% - 5.00%
Investment rate of return*	7.75%

*Net of pension plan investment expense.

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2017 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 2.5%.

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 10 - Defined Benefit Pension Plan - 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 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 Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c)
Balances at September 30, 2018.....	\$ 28,028,071	\$ 30,661,509	\$ (2,633,438)
Changes for the year:			
Service cost.....	1,104,924	-	1,104,924
Interest.....	2,079,287	-	2,079,287
Changes of assumptions.....	-	-	-
Difference between expected and actual experience.....	157,898	-	157,898
Contributions - employer.....	-	224,695	(224,695)
Contributions - employee.....	-	683,125	(683,125)
Net investment income.....	-	771,846	(771,846)
Benefit payments, including refunds of employee contributions.....	(2,048,676)	(2,048,676)	-
Administrative expense.....	-	-	-
Transfers among employers.....	(65,041)	(65,041)	-
Net changes.....	1,228,392	(434,051)	1,662,443
Balances at September 30, 2019.....	\$ 29,256,463	\$ 30,227,458	\$ (970,995)

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

	1% Decrease (6.70%)	Current Discount Rate (7.70%)	1% Increase (8.70%)
Plan Net Pension Liability (Asset).....	\$ 2,551,586	\$ (970,995)	\$ (3,917,148)

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 10 - Defined Benefit Pension Plan - Continued

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.

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

For the year ended September 30, 2020, the Center recognized pension expense of \$421,946. At September 30, 2020, the Center reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.....	\$ 245,793	\$ 414,543
Changes of assumptions.....	224,997	-
Net difference between projected and actual earnings on plan investments.....	360,518	-
Employer contributions subsequent to the measurement date.....	241,479	-
Total.....	<u>\$ 1,072,787</u>	<u>\$ 414,543</u>

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

Year Ended September 30,	
2021.....	\$ 122,318
2022.....	(71,124)
2023.....	241,042
2024.....	362,910
2025.....	3,098
Thereafter.....	<u>-</u>
Total.....	<u>\$ 658,244</u>

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 11 – Other Postemployment Benefits (OPEB)

• **Plan Description**

Retiree Health Benefits Plan - On January 1, 2015, the Center began providing postemployment healthcare benefits to participating retirees. Retired participants that have elected coverage under the plan are covered for medical benefits during their lifetime.

The Center has two Tiers of employees under the plan. Tier I employees are eligible to retire as early as achieving 25 years of service or 60 years of age with 10 years of service. Tier I employees are employees hired prior to January 1, 2013. Tier II employees are eligible to retire as early as 62 years of age with 10 years of service. Tier II employees are employees hired on or after January 1, 2013. As of September 30, 2019, the plan covered 14 retired participants and 344 active employees.

• **Plan Fiduciary Net Position**

The OPEB plan is administered by the Center and does not issue a stand-alone financial report.

• **Benefits Provided**

Retired participants that have elected coverage under the plan are covered for medical benefits during their lifetime. The benefits under the plan are fully insured, with the sum of the premiums paid by both the retiree and the Center equal to the retiree’s cost of maintaining post-retirement health coverage under the Alabama State Employees’ Health Insurance Plan. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

<u>Coverage Type</u>	<u>Retiree Premium</u>
Pre - 65.....	<u>\$ 553.50</u>
Post - 65 (Medicare).....	<u>\$ -</u>

• **Contributions**

The Center and the plan members share the cost of healthcare coverage. The Center pays 50% of the 2015 retiree premium for single coverage healthcare benefits under the Alabama State Employees’ Health Insurance Plan. The Center’s policy is to retain the 2015 and current per capita contribution for OPEB for all future years. As a result, retiree contributions will increase in the future to the extent necessary to be sufficient to provide for the difference between the cost of the benefits and the Center’s fixed contributions. The Pre-65 premium paid by the Center is \$446.50, and the Post-65 premium paid by the Center is \$175.00.

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 11 – Other Postemployment Benefits (OPEB) - Continued

• **OPEB Liabilities, OPEB Expense, and Deferred Outflows and Deferred Inflows**

The Center’s Net OPEB Liability was measured as of September 30, 2019, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation performed as of that date. The following table presents the changes in the Net OPEB Liability during the year.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at September 30, 2018.....	\$ 1,461,187	\$ -	\$ 1,461,187
Changes during the year:			
Service cost.....	73,924	-	73,924
Interest.....	56,379	-	56,379
Changes of assumptions.....	232,171	-	232,171
Contributions.....	-	52,205	(52,205)
Benefit payments.....	(52,205)	(52,205)	-
Net changes.....	310,269	-	310,269
Balances at September 30, 2019.....	\$ 1,771,456	\$ -	\$ 1,771,456

Note: The actuarial valuation was performed using net premiums (gross premiums less retiree contributions), so the employer and employee contributions are not separately identified here.

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NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 11 – Other Postemployment Benefits (OPEB) - Continued

• OPEB Liabilities, OPEB Expense, and Deferred Outflows and Deferred Inflows – Continued

For the year ended September 30, 2020, the Center recognized OPEB expense of \$120,537, and it reported \$55,332 of deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ -	\$ -
Changes of assumptions.....	<u>156,699</u>	<u>-</u>
Total.....	<u>\$ 156,699</u>	<u>\$ -</u>

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

Year ending September 30,	
2021.....	\$ 20,140
2022.....	20,140
2023.....	20,140
2024.....	20,140
2025.....	20,140
Thereafter.....	<u>55,999</u>
Total.....	<u>\$ 156,699</u>

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 11 – Other Postemployment Benefits (OPEB) - Continued

• **Actuarial Methods and Assumptions**

Valuation date.....	September 30, 2019
Measurement date.....	September 30, 2019
Actuarial cost method.....	Entry-Age Normal (Level % of Pay)
Funding method.....	Pay as you go, assets are not maintained in a separate trust to pay benefits under the plan.
Attribution period.....	Benefits are earned over the period beginning at the date of hire and ending on the assumed date of exit from service.
Discount rate.....	2.75% per annum at September 30, 2019 The discount rate is based on the Fidelity General Obligation 20 Year AA Municipal Bond Index as of the measurement date.
Mortality decrement.....	<u>Pre-retirement</u> - Pri-2012 Headcount-Weighted Mortality with generationally projected mortality improvement scale MP-2019. <u>Post-retirement</u> - Pri-2012 Headcount-Weighted Mortality with generationally projected mortality improvement scale MP-2019. <u>Disability</u> - Pri-2012 Headcount-Weighted Disability Mortality with generationally projected mortality improvement scale MP-2019.
Disability and termination rates.....	Disability and termination rates are based on age, service, gender, and tier. Disability and termination rates at selected ages are shown in the following tables.

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 11 – Other Postemployment Benefits (OPEB) - Continued

- Actuarial Methods and Assumptions – Continued**

Disability and Termination Rates Assumptions:

MALE

Age	Disability Years of Service			Termination Years of Service			
	0-24	Tier 1 25+	Tier 2 25+	0-4	5-9	10-20	20+
20	0.04%			24.00%			
25	0.06%			19.50%	8.50%		
30	0.08%			17.50%	7.00%	4.00%	
35	0.10%			16.00%	6.50%	3.25%	
40	0.27%			15.50%	5.50%	3.00%	1.50%
45	0.50%	0.25%	0.50%	13.50%	5.00%	2.75%	1.50%
50	0.90%	0.25%	0.90%	13.00%	5.00%	2.50%	1.50%
55	1.40%	0.25%	1.40%	11.50%	5.00%	2.50%	1.50%
60	0.50%	0.25%	0.50%	11.50%	5.50%		
65				15.50%	7.50%		
69				15.50%	7.50%		

FEMALE

Age	Disability Years of Service			Termination Years of Service			
	0-24	Tier 1 25+	Tier 2 25+	0-4	5-9	10-20	20+
20	0.04%			33.00%			
25	0.06%			23.00%	11.00%		
30	0.08%			20.00%	8.25%	5.25%	
35	0.14%			18.00%	7.50%	5.25%	
40	0.29%			17.00%	7.25%	3.50%	1.50%
45	0.43%	0.25%	0.43%	15.50%	6.50%	3.50%	1.50%
50	0.69%	0.25%	0.69%	14.50%	6.25%	3.50%	1.50%
55	1.00%	0.25%	1.00%	14.00%	5.50%	3.50%	1.50%
60	0.25%	0.25%	0.25%	15.00%	6.00%		
65				16.00%	8.50%		
69				16.00%	8.50%		

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 11 – Other Postemployment Benefits (OPEB) - Continued

- **Actuarial Methods and Assumptions – Continued**

Retirement rates..... Retirement rates, based on age, service, and tier. Retirement rate assumptions are shown in the following tables.

TIER I

Age	Age 60 or under with 25 or more years of service (YOS)		Over Age 60	
	25 YOS	26+YOS	10 YOS	11+YOS
50 & Under	18.00%	11.50%		
51-56	20.00%	11.50%		
57	25.00%	11.50%		
58-59	25.00%	15.00%		
60	25.00%	17.00%		
61			13.00%	13.00%
62			25.00%	25.00%
63-64			25.00%	20.00%
65			35.00%	25.00%
66			35.00%	30.00%
67			35.00%	25.00%
68-74			35.00%	21.00%
75 & Above			100.00%	100.00%

TIER II

Age	10 YOS	11+YOS
62	50.00%	50.00%
63-64	25.00%	20.00%
65	35.00%	25.00%
66	35.00%	30.00%
67	35.00%	25.00%
68-74	35.00%	21.00%
75 & Above	100.00%	100.00%

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 11 – Other Postemployment Benefits (OPEB) - Continued

• **Actuarial Methods and Assumptions – Continued**

Inflation rate..... 2.40%

Eligible participants..... All current active and retired participants.

Participants included in the valuation..... All current active participants currently electing and covered for health benefits and retired participants that have elected coverage under the plan. Active participants that terminate employment after they have attained age and service eligibility for benefits under the plan but who do not elect to be covered at initial eligibility forfeit their right to future plan coverage.

Medical trends..... The assumption of the rates of increase in healthcare premiums in future years are shown in the following table.

Year	Pre-65 Trend Rates	Post-65 Trend Rates
2021	5.50%	0.00%
2022	5.50%	4.50%
2023	5.40%	4.40%
2024	5.30%	4.10%
2025	5.30%	4.30%
2026	5.20%	4.40%
2027	5.20%	4.60%
2028	5.20%	4.80%
2029	5.10%	4.90%
2030-50	5.10%	5.10%
2051-69	4.70%	4.70%
2070-74	4.10%	4.10%
2075+	3.90%	3.90%

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 11 – Other Postemployment Benefits (OPEB) - Continued

- **Actuarial Methods and Assumptions – Continued**

Patient Protection and Affordable Care Act..... The PPACA will not impact the actuarial measurements.

Marital status..... Not applicable.

Rate of benefit election..... 40% of active employees currently electing and covered for health benefits will elect retiree health coverage under the plan. Current retired participants will continue to elect health coverage under the plan.

Administrative expenses..... Included in the medical benefits claims costs.

- **Discount Rate**

The discount rate of 2.75% was used to measure the Total OPEB Liability. The following table shows the impact on the Net OPEB Liability if the discount rate used was 1% less than or 1% greater than the discount rate that was used.

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Net OPEB Liability.....	<u>\$ 2,020,090</u>	<u>\$ 1,771,456</u>	<u>\$ 1,567,132</u>

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2020

Note 11 – Other Postemployment Benefits (OPEB) – Continued

• **Healthcare Cost Trend Rates**

Various healthcare cost trend rates were used to measure the Total OPEB Liability. The following table shows the impact on the Net OPEB Liability if the rates used were 1% less than or 1% greater than the discount rate that was used.

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
Net OPEB Liability.....	<u>\$ 1,771,456</u>	<u>\$ 1,771,456</u>	<u>\$ 1,771,456</u>

Note 12 - Leases

Operating Leases: During the current year, the Center paid \$115,260 for rented space and equipment. These leases provide for renewal options and generally require the Center to pay for maintenance and insurance.

Note 13 - Economic Dependency

The Center recognizes a substantial portion of its operating revenues from the following funding sources:

<u>Funding Source</u>	<u>Operating Revenues</u>	<u>Percentage of Total Operating Revenues</u>
Medicaid.....	\$ 8,626,387	34.94%
State of Alabama Grants and Contracts.....	9,085,967	36.80%
Federal Grants and Contracts.....	<u>2,668,746</u>	<u>10.81%</u>
	<u>\$ 20,381,100</u>	<u>82.55%</u>

Note 14 – Uncertainty

The COVID19 pandemic has caused serious economic and operational difficulties across the world. While the Center has adequately navigated the pandemic to the date of this report, the ultimate impact of the pandemic is not known at this time.



REQUIRED SUPPLEMENTARY INFORMATION

NORTHWEST ALABAMA MENTAL HEALTH CENTER
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
For the Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Pension Liability (Asset)										
Service Cost.....	\$ 1,104,924	\$ 978,741	\$ 981,143	\$ 1,054,997	\$ 1,071,670	\$ 1,022,961	\$ -	\$ -	\$ -	\$ -
Interest.....	2,079,287	1,983,692	1,929,519	1,865,509	1,712,231	1,595,858	-	-	-	-
Difference between expected and actual experience.....	157,898	106,785	(661,416)	(398,638)	475,060	-	-	-	-	-
Changes of assumptions.....	-	150,774	-	451,665	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions.....	(2,048,676)	(1,541,187)	(1,512,253)	(1,413,199)	(1,272,768)	(1,055,546)	-	-	-	-
Transfers among employers.....	(65,041)	(17,354)	(23,525)	67,351	-	-	-	-	-	-
Net Change in Total Pension Liability.....	1,228,392	1,661,451	713,468	1,627,685	1,986,193	1,563,273	-	-	-	-
Total Pension Liability, Beginning.....	28,028,071	26,366,620	25,653,152	24,025,467	22,039,274	20,476,001	-	-	-	-
Total Pension Liability, Ending (a).....	\$ 29,256,463	\$ 28,028,071	\$ 26,366,620	\$ 25,653,152	\$ 24,025,467	\$ 22,039,274	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions, employer.....	\$ 224,695	\$ 286,306	\$ 314,220	\$ 341,914	\$ 479,577	\$ 486,875	\$ -	\$ -	\$ -	\$ -
Contributions, members.....	683,125	771,123	787,832	608,866	626,772	591,236	-	-	-	-
Net investment income.....	771,846	2,618,492	3,264,578	2,394,891	279,109	2,527,396	-	-	-	-
Benefit payments, including refunds of employee contributions.....	(2,048,676)	(1,541,187)	(1,512,253)	(1,413,199)	(1,272,768)	(1,055,546)	-	-	-	-
Transfers among employers.....	(65,041)	(17,354)	(23,525)	67,351	(17,204)	30,434	-	-	-	-
Net Change in Plan Fiduciary Net Position.....	(434,051)	2,117,380	2,830,852	1,999,823	95,486	2,580,395	-	-	-	-
Plan Net Position, Beginning.....	30,661,509	28,544,129	25,713,277	23,713,454	23,617,968	21,037,573	-	-	-	-
Plan Net Position, Ending (b).....	\$ 30,227,458	\$ 30,661,509	\$ 28,544,129	\$ 25,713,277	\$ 23,713,454	\$ 23,617,968	\$ -	\$ -	\$ -	\$ -
Net pension liability (asset) (a) - (b).....	\$ (970,995)	\$ (2,633,438)	\$ (2,177,509)	\$ (60,125)	\$ 312,013	\$ (1,578,694)	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of total pension liability.....	103.32%	109.40%	108.26%	100.23%	98.70%	107.16%	0.00%	0.00%	0.00%	0.00%
Covered payroll.....	\$ 12,389,459	\$ 12,561,522	\$ 12,055,111	\$ 11,441,421	\$ 11,793,508	\$ 11,065,341	\$ -	\$ -	\$ -	\$ -
Net pension liability (asset) as a percentage of covered payroll.....	-7.84%	-20.96%	-18.06%	-0.53%	2.65%	-14.27%	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 Center will present information for those years for which information is available.

NORTHWEST ALABAMA MENTAL HEALTH CENTER
SCHEDULE OF EMPLOYER PENSION PLAN CONTRIBUTIONS
For the Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution.....	\$ 241,479	\$ 271,756	\$ 332,783	\$ 358,816	\$ 384,247	\$ 520,789	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution*.....	241,479	271,756	332,783	358,816	384,247	520,789	-	-	-	-
Contribution deficiency (excess).....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll.....	\$ 12,640,698	\$ 12,389,459	\$ 12,561,522	\$ 12,055,111	\$ 11,441,421	\$ 11,793,508	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll.....	1.91%	2.19%	2.65%	2.98%	3.36%	4.42%	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 Center 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
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

**NORTHWEST ALABAMA MENTAL HEALTH CENTER
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY – RETIREE HEALTH BENEFITS PLAN**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability										
Service Cost.....	\$ 73,924	\$ 76,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest.....	56,379	51,069	-	-	-	-	-	-	-	-
Difference between expected and actual experience.....	-	-	-	-	-	-	-	-	-	-
Changes of assumptions.....	232,171	(62,799)	-	-	-	-	-	-	-	-
Benefit payments.....	(52,205)	(49,350)	-	-	-	-	-	-	-	-
Net Change.....	310,269	15,855	-	-	-	-	-	-	-	-
Total OPEB Liability, Beginning.....	1,461,187	1,445,332	-	-	-	-	-	-	-	-
Total OPEB Liability, Ending (a).....	\$ 1,771,456	\$ 1,461,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions.....	\$ 52,205	\$ 49,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Benefit payments.....	(52,205)	(49,350)	-	-	-	-	-	-	-	-
Net Change.....	-	-	-	-	-	-	-	-	-	-
Plan Net Position, Beginning.....	-	-	-	-	-	-	-	-	-	-
Plan Net Position, Ending (b).....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability (asset) (a) - (b).....	\$ 1,771,456	\$ 1,461,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of total OPEB liability.....	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll.....	\$ 9,702,614	\$ 9,392,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability (asset) as a percentage of covered payroll.....	18.26%	15.56%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

The actuarial valuations were performed using net premiums (gross premiums less retiree contributions), so the employer and employee contributions are not separately identified here.

**NORTHWEST ALABAMA MENTAL HEALTH CENTER
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS – RETIREE HEALTH BENEFITS PLAN**

<u>Year Ended</u>	<u>Annual OPEB Expense</u>	<u>Employer Contribution</u>	<u>Covered Payroll</u>	<u>Employer Contribution as a Percentage of Covered Payroll</u>
September 30, 2018...	\$ 120,537	\$ 49,350	\$ 9,392,656	0.53%
September 30, 2019...	\$ 150,443	\$ 52,205	\$ 9,702,614	0.54%
September 30, 2020...	\$ 149,076	\$ 57,098	\$ 9,349,112	0.61%

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

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OTHER SUPPLEMENTARY INFORMATION

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NORTHWEST ALABAMA MENTAL HEALTH CENTER

SCHEDULE OF OPERATING REVENUES – PRIMARY GOVERNMENT

For the Year Ended September 30, 2020

	Federal Government	State Government	Fees	Other
Federal Grants and Contracts				
Federal Grants Passed Through AL DMH	\$ 2,132,365	\$ -	\$ -	\$ -
Medicaid	8,626,387	-	-	-
Federal Grants - Other	536,381	-	-	-
State of Alabama Grants and Contracts				
Alabama DMH Grants and Contracts	-	9,085,967	-	-
Fees				
Patient Fees	-	-	2,437,584	-
Other Revenue				
Mental Health Authority Contracts	-	-	-	542,180
Hospital Inpatient Contracts	-	-	-	884,008
Transportation	-	-	-	78,224
Other	-	-	-	367,295
Totals	\$ 11,295,133	\$ 9,085,967	\$ 2,437,584	\$ 1,871,707

NORTHWEST ALABAMA MENTAL HEALTH CENTER

SCHEDULE OF OPERATING EXPENSES - PRIMARY GOVERNMENT

For the Year Ended September 30, 2020

	Administrative Expenses	Program Expenses			Total Expenses
		Mental Illness and Other	Intellectually Disabled	Substance Abuse	
Salaries	\$ 1,559,454	\$ 8,082,353	\$ 3,291,502	\$ 1,111,275	\$ 14,044,584
Employee benefits	488,131	1,177,698	479,538	161,196	2,306,563
Payroll taxes	145,714	546,230	232,309	77,442	1,001,695
Professional fees	35,000	-	-	-	35,000
Consultants	74,521	58,643	-	-	133,164
Psychiatrists	10,054	384,819	-	-	394,873
Vehicle expense	57,149	211,302	117,301	3,350	389,102
Utilities	128,547	421,273	57,364	71,148	678,332
Building maintenance	71,847	103,809	44,741	10,255	230,652
Rent	40,700	64,603	-	14,160	119,463
Small equipment	256,252	1,752	1,034	-	259,038
Service contracts	382,573	83,057	28,287	28,526	522,443
Travel	31,325	83,042	48,071	78,204	240,642
Program supplies	43,049	302,603	67,858	180,844	594,354
Food	780	579,790	-	21,506	602,076
Insurance	65,341	338,814	137,732	46,461	588,348
Dues, fees, and licenses	26,692	2,667	18	2,926	32,303
Client maintenance	28,861	110,414	58,317	223,062	420,654
Subcontracts	-	-	186,201	-	186,201
Depreciation	120,450	175,448	37,456	14,259	347,613
Miscellaneous	178,953	12,964	59,276	6,188	257,381
Total Operating Expenses	\$ 3,745,393	\$ 12,741,281	\$ 4,847,005	\$ 2,050,802	\$ 23,384,481

NORTHWEST ALABAMA MENTAL HEALTH CENTER

SCHEDULE OF INDIVIDUAL AND FAMILY SUPPORT CONTRACT EXPENSES

For the Year Ended September 30, 2020

Program Expenses:

Subcontracts	\$ 101,242
Salaries	29,357
Employee benefit:.....	6,451
Utilities	308
Staff travel	1,282
Insurance	<u>1,268</u>
Total Expenses	<u>\$ 139,908</u>

NORTHWEST ALABAMA MENTAL HEALTH CENTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2020

There were no findings reported in the prior year audit.

NORTHWEST ALABAMA MENTAL HEALTH CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Federal Grantor Program Title	<u>CFDA Number</u>	<u>Expenditures of Federal Awards</u>
<u>U.S. Department of Health and Human Services</u>		
Passed Through Alabama Department of Mental Health:		
Substance Abuse and Mental Health Services Projects	93.243	\$ 380,129
Alabama's Opioid STR	93.788	68,645
Block Grants For Community Mental Health Services	93.958	746,342
Block Grants For Prevention and Treatment of Substance Abuse	93.959	<u>937,249</u>
Total		<u>2,132,365</u>
 <u>U.S. Department of Agriculture</u>		
Passed Through Alabama Department of Education:		
Child and Adult Care Food Program	10.558	<u>124,142</u>
Total		<u>124,142</u>
 <u>U.S. Department of Treasury</u>		
Coronavirus Relief Fund	21.019	<u>412,239</u>
Total		<u>412,239</u>
 <u>U.S. Department of Housing and Urban Development</u>		
Supportive Housing for the Elderly	14.157	772,732
Supportive Housing for Persons with Disabilities	14.181	1,749,900
Section 8 Housing Assistance	14.195	<u>256,308</u>
Total		<u>2,778,940</u>
 Total Expenditures of Federal Awards		 <u>\$ 5,447,686</u>

NORTHWEST ALABAMA MENTAL HEALTH CENTER

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2020

Note 1 – Summary of Significant Accounting Policies

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 Center 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 Center 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 Center and agencies and departments of the federal government, and all sub-awards to the Center 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).

NORTHWEST ALABAMA MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2020

A. SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Are material weaknesses identified:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Are significant deficiencies that are not considered to be material weaknesses identified	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported	
Is noncompliance which could have a material effect on the financial statements identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

FEDERAL AWARDS

Internal control over major programs:			
Are material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
Are significant deficiencies that are not considered to be material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported	
Type of report issued on compliance with requirements applicable to each major program:	Unmodified		
Are there any audit findings that are required to be reported in accordance the Uniform Guidance?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	

Identification of major programs:	CFDA
Name of Federal Program	Number

Block Grants for Prevention and Treatment of Substance Abuse	93.959
Supportive Housing for the Elderly	14.157
Supportive Housing for Persons with Disabilities	14.181

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Is the auditee identified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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NORTHWEST ALABAMA MENTAL HEALTH CENTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

For the Year Ended September 30, 2020

B. FINANCIAL STATEMENT FINDINGS

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None



ADDITIONAL INFORMATION

NORTHWEST ALABAMA MENTAL HEALTH CENTER

SCHEDULE OF BOARD OF DIRECTORS

September 30, 2020

Board Member

Ms. Shirley Mitchell	Member	P.O. Box 2670 Jasper, AL 35502
Honorable A. Lee Tucker	Member	P.O. Box 502 Jasper, AL 35502
Honorable J.D. Snoddy	Member	P.O. Box 309 Double Springs, AL 35553
Mr. Harlon Farrar	Member	P. O. Box 1827 Winfield, AL 35594
Ms. Sharon Dickinson	Member	5612 County Hwy 12 Hacklebury, AL 35564
Ms. Kathy Reed	Member	2041 Pineview Circle NW Fayette, AL 35555
Hon. Samantha Howard	Member	716 4 th Avenue NW Fayette, AL 35555
Honorable Kevin King	Member	P.O. Box 338 Vernon, AL 35592
Ms. Camille Wilson	Member	P.O. Box 640 Sulligent, AL 35586
Mr. John Pinion	Member	339 Richardson Road Jasper, AL 35504
Ms. Peggy Wall	Member	1904 Delaware Avenue Jasper, AL 35501
Judge Sheila Moore	Member	P.O. Box 27 Double Springs, AL 35553
Ms. Mary Lou Masters	Member	4506 County Road 28 Haleyville, AL 35565

NORTHWEST ALABAMA MENTAL HEALTH CENTER

SCHEDULE OF BOARD OF DIRECTORS - CONTINUED

September 30, 2020

Board Member

Ms. Sally Holloway	Member	P.O. Box 1257 Winfield, AL 35594
Ms. Denise Gilliam	Member	1345 County Hwy 98 Hamilton, AL 35570
Judge Clatus Junkin	Member	P.O. Box 688 Fayette, AL 35555
Ms. LaVonne Madison	Member	621 Pleasant Hill Church Road Berry, AL 35546
Judge Sharon Nethery	Member	P.O. Box 338 Vernon, AL 35592
Honorable Robert Turner	Member	1221 East Brown Street Sulligent, AL 35586
Dr. Roger Childers	Member	1522 Hwy 195 Jasper, AL 35503
Ms. Diane Watson	Member	226 East Lakeshore Drive Double Springs, AL 35553
Ms. Tressa Wilson	Member	1507 27 th Street Haleyville, AL 35565
Ms. Samantha Poe	Member	1333 Meadowlark Circle Haleyville, AL 35565
Ms. Sherrian Logan	Member	P.O. Box 701 Winfield, AL 35594
Ms. Judy Miller	Member	3390 County Hwy 122 Hamilton, AL 35570
Ms. Belinda Watts	Member	2016 Pineview Circle Fayette, AL 35555

NORTHWEST ALABAMA MENTAL HEALTH CENTER

SCHEDULE OF BOARD OF DIRECTORS - CONTINUED

September 30, 2020

Board Member

Mr. Dennis Fisher	Member	118 Temple Avenue Fayette, AL 35555
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Hon. Mary Ann Jones	Member	P.O. Box 434 Vernon, AL 35592
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Mr. Al Elbert	Member	P.O. Box 672 Sulligent, AL 35586
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Officials

Ms. Patty Poe	Executive Director	1100 7 th Avenue Jasper, AL 35501
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NORTHWEST ALABAMA MENTAL HEALTH CENTER

SCHEDULE OF LEGAL AUTHORITY

September 30, 2020

Code of Alabama 1975, 22-51-1 through 22-51-14.

NORTHWEST ALABAMA MENTAL HEALTH CENTER

SCHEDULE OF BONDED OFFICIALS

September 30, 2020

<u>Name of Position</u>	<u>Location of Position</u>	Limit of Extra Coverage on <u>Each Employee</u>
All Corporate directors and officers		\$ 1,000,000