

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

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For the Fiscal Year Ended September 30, 2021



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



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JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY
Audited Financial Statements and Supplementary Information
For the Year Ended September 30, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION



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



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the business-type activities of Jefferson - Blount - St. Clair Mental Health Authority (the Authority), as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of September 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis, the schedule of changes in net pension liability, and the schedule of employer pension plan contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial

statements, and to other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying other supplementary information section, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated August 18, 2022, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Birmingham, Alabama
August 18, 2022



Phillip Morgan & Company P.C.



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

JEFFERSON - BLOUNT - ST. CLAIR MENTAL HEALTH AUTHORITY

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Management's Discussion and Analysis

September 30, 2021

The following is designed to provide an understanding of various factors related to the Jefferson – Blount - St. Clair Mental Health Authority's (hereinafter referred to as the Authority) operations and financial condition. This information should be read in conjunction with the financial statements and related notes. The purpose of this information is to focus on significant changes in the financial condition during the year ended September 30, 2021, and highlight events that occurred during the year.

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

A) Financial Highlights

- The assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows as of September 30, 2021 by \$17,310,563 (net position), an increase of \$3,687,078 from September 30, 2020.
- The Authority's cash and investments balance at September 30, 2021 was \$14,539,519, an increase of \$4,380,331 from September 30, 2020.
- The Authority's total revenues of \$50,755,721 were more than total expenses of \$47,068,643, resulting in an increase in net position of \$3,687,078 for the year ended September 30, 2021.
- Total revenues increased \$2,803,045 (5.8%) in fiscal year 2021.
- Total expenses increased \$1,542,055 (3.4%) in fiscal year 2021.
- The Authority's net position increased \$3,687,078 during the year ended September 30, 2021, compared to an increase of \$2,426,088 for the year ended September 30, 2020.
- Flow-through revenues and expenses for subcontractors amounted to \$9,680,384, accounting for 19.1% of the Authority's total revenues.

B) Overview of the Financial Statements

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

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

C) Condensed Financial Information

Net Position. The table below summarizes the net position as of September 30, 2021 and 2020.

Condensed Statements of Net Position

September 30, 2021 and 2020

	Business Type		
	Activities		
	<u>2021</u>	<u>2020</u>	Increase (Decrease)
Assets			
Current assets	\$ 23,322,334	\$ 17,113,446	\$ 6,208,888
Capital assets	5,978,722	6,235,879	(257,157)
Noncurrent assets	-	-	-
Total Assets	29,301,056	23,349,325	5,951,731
Deferred Outflows	1,656,003	1,051,456	604,547
Liabilities			
Current liabilities	14,137,952	11,069,167	3,068,785
Noncurrent liabilities	(2,789,227)	(2,127,443)	(661,784)
Total Liabilities	11,348,725	8,941,724	2,407,001
Deferred Inflows	2,297,771	1,835,572	462,199
Net Position			
Net investment in capital assets	5,978,722	6,235,879	(257,157)
Restricted	672,986	530,680	142,306
Unrestricted	10,658,855	6,856,926	3,801,929
Total Net Position	\$ 17,310,563	\$ 13,623,485	\$ 3,687,078

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

Revenues and Expenses. The table below summarizes the operating activities in fiscal year 2021 and 2020.

Condensed Statements of Activities
For the Years Ended September 30, 2021 and 2020

	Business Type Activities		
	<u>2021</u>	<u>2020</u>	Increase (Decrease)
Revenues			
Program Revenues:			
Federal Government	\$ 12,617,978	\$ 13,612,711	\$ (994,733)
State Government	34,465,632	30,799,527	3,666,105
Other	2,238,797	2,022,130	216,667
Client Fees	1,367,689	1,422,915	(55,226)
Local Government Appropriations	51,470	53,470	(2,000)
General Revenues:			
Interest	2,170	23,094	(20,924)
Contributions Received	7,375	5,413	1,962
Gain on Disposals of Assets	4,610	13,416	(8,806)
Total Revenues	50,755,721	47,952,676	2,803,045
Expenses			
Payroll and Related Expenses	21,324,084	20,275,752	1,048,332
Contract Services	19,583,401	18,904,184	679,217
Operating Expenses	1,766,626	1,770,009	(3,383)
Operating Supplies	992,566	1,206,634	(214,068)
Travel and Transportation	560,697	537,075	23,622
Buildings and Grounds	2,306,409	2,291,922	14,487
Depreciation	534,860	541,012	(6,152)
Total Expenses	47,068,643	45,526,588	1,542,055
Change in Net Position	3,687,078	2,426,088	1,260,990
Beginning Net Position	13,623,485	11,197,397	2,426,088
Ending Net Position	\$ 17,310,563	\$ 13,623,485	\$ 3,687,078

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

D) Financial Analysis

Net Position may serve over time as a useful indicator of the financial position of a business. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$17,310,563 at September 30, 2021. A portion of the Authority's net position (59.2%) is comprised of net liquid assets (cash, investments and receivables less accounts payable). These liquid assets are available for use in the event funding sources are delayed in making payments to the Authority. Under the current operating conditions, however, these liquid assets would provide resources to continue operations for slightly more than 1 additional month.

The net position of the Authority increased \$3,687,078 (27.1%) during fiscal year 2021.

E) Actual Versus Budget Analysis

The Authority and its Board of Directors adopt an operating budget prior to the beginning of each fiscal year. The fiscal year 2021 budget was approved at a meeting of the Board of Directors and is the basis for comparison in this analysis.

Total revenues of \$50,755,721 were \$654,324 (1.3%) more than budgeted for this period.

Total expenses of \$47,068,643 were \$3,030,199 (6.0%) less than budgeted for this period.

F) Capital Assets and Debt Administration

1) Capital Assets

As of September 30, 2021, the Authority's investment in capital assets for its activities was \$5,978,722 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office equipment, computer software, home furniture and fixtures and motor vehicles with a purchase price equal to or greater than \$5,000.

Capital asset additions amounted to \$287,528 and included \$276,828 for buildings and building renovations, and \$10,700 for office equipment.

Asset disposals included buildings and equipment with a total original cost of \$93,932. Additional information on the Authority's capital assets can be found in the Notes to Financial Statements.

2) Debt Administration

The Authority operated without any debt in FY2021.

(G) Financial Factors Impacting the Authority

To date, the COVID-19 pandemic seems to be slowing down, but the Authority is continuing to utilize telemedicine when applicable along with providing face-to-face services. The day rehabilitation programs are continuing to operate, but still at a limited capacity. The Authority has been able to continue operations without a decline in client care.

In May 2021, the Authority began leasing 401 Beacon Parkway from the Department of Mental Health. Part of the top floor will be utilized by our Day Treatment Program that was previously housed at the leased building at 3600 4th Avenue South. The bottom floor will be utilized by our Crisis Care Center.

(G) Financial Factors Impacting the Authority - Continued

The Authority applied for a Crisis Care Center in 2021 that will divert individuals from jails and hospitals in Region 2; and was awarded the contract on October 4, 2021. This award to the Authority is a \$7 million contract with the Department of Mental Health and is projected to be fully operational by November 2022. The Authority is renovating the bottom floor of 401 Beacon Parkway for the Crisis Care Center. This will be a 24/7 facility and will employ approximately 113 employees.

(H) Contacting the Authority's Financial Management

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

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

BASIC FINANCIAL STATEMENTS

STATEMENTS OF NET POSITION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

STATEMENTS OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

STATEMENTS OF NET POSITION

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 14,539,519	\$ 9,906,544
Investments - Certificates of Deposit	-	252,644
Client Deposits	1,087,809	896,602
Accounts Receivable	7,441,914	5,664,870
Prepays	<u>253,092</u>	<u>392,786</u>
Total Current Assets	<u>23,322,334</u>	<u>17,113,446</u>
CAPITAL ASSETS		
Land	248,127	248,127
Buildings	11,246,945	11,049,325
Motor Vehicles	767,570	767,570
Other Capital Assets	371,371	375,395
Accumulated Depreciation	<u>(6,655,291)</u>	<u>(6,204,538)</u>
Total Capital Assets	<u>5,978,722</u>	<u>6,235,879</u>
TOTAL ASSETS	<u>29,301,056</u>	<u>23,349,325</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Related to Pensions	<u>1,656,003</u>	<u>1,051,456</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,656,003</u>	<u>1,051,456</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	11,727,094	8,803,104
Accrued Payroll and Related Expenses	70,609	82,315
Accrued Compensated Absences - Current Portion	1,015,702	1,084,726
Client Deposits	1,087,809	896,602
Unearned Revenue	<u>236,738</u>	<u>202,420</u>
Total Current Liabilities	<u>14,137,952</u>	<u>11,069,167</u>
NONCURRENT LIABILITIES		
Accrued Compensated Absences - Noncurrent Portion	181,530	238,809
Net pension liability (asset)	<u>(2,970,757)</u>	<u>(2,366,252)</u>
Total Noncurrent Liabilities	<u>(2,789,227)</u>	<u>(2,127,443)</u>
TOTAL LIABILITIES	<u>11,348,725</u>	<u>8,941,724</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Related to Pensions	<u>2,297,771</u>	<u>1,835,572</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,297,771</u>	<u>1,835,572</u>
NET POSITION		
Net Investment in Capital Assets	5,978,722	6,235,879
Restricted	672,986	530,680
Unrestricted	<u>10,658,855</u>	<u>6,856,926</u>
TOTAL NET POSITION	<u>\$ 17,310,563</u>	<u>\$ 13,623,485</u>

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

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended September 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Federal Government	\$ 12,617,978	\$ 13,612,711
State Government	34,465,632	30,799,527
Local Government Appropriations	51,470	53,470
Client Fees	1,367,689	1,422,915
Other Revenue	2,238,797	2,022,130
TOTAL OPERATING REVENUES	50,741,566	47,910,753
OPERATING EXPENSES		
Payroll and Related Expenses	21,324,084	20,275,752
Contract Services	19,583,401	18,904,184
Other Operating Expenses	1,766,626	1,770,009
Operating Supplies	992,566	1,206,634
Travel and Transportation	560,697	537,075
Buildings and Grounds	2,306,409	2,291,922
Depreciation	534,860	541,012
TOTAL OPERATING EXPENSES	47,068,643	45,526,588
OPERATING INCOME	3,672,923	2,384,165
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	2,170	23,094
Contributions Revenue	7,375	5,413
Gain (Loss) on Disposal of Capital Assets	4,610	13,416
TOTAL NONOPERATING REVENUES (EXPENSES)	14,155	41,923
CHANGE IN NET POSITION	3,687,078	2,426,088
NET POSITION, BEGINNING OF YEAR	13,623,485	11,197,397
NET POSITION, END OF YEAR	\$ 17,310,563	\$ 13,623,485

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

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Federal and State Governments	\$ 45,346,098	\$ 43,872,882
Received from Local Government Appropriations	51,470	53,470
Received from Clients	1,362,475	1,417,211
Received from Other Sources	2,238,797	2,022,130
Payments for Salaries and Related Expenses	(22,208,946)	(20,529,843)
Payments for Contract Services	(17,063,916)	(17,739,146)
Payments to Suppliers and Others	<u>(5,082,099)</u>	<u>(5,959,916)</u>
Net Cash Provided (Used) By Operating Activities	<u>4,643,879</u>	<u>3,136,788</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contributions	7,375	5,413
Net Cash Provided (Used) By Noncapital Financing Activities	<u>7,375</u>	<u>5,413</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Asset Purchases	(287,528)	(189,648)
Proceeds from Sales of Capital Assets	14,435	13,416
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(273,093)</u>	<u>(176,232)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Purchases	-	-
Proceeds From Sales and Maturities of Investments	250,000	1,250,000
Interest received	4,814	41,435
Net Cash Provided (Used) By Investing Activities	<u>254,814</u>	<u>1,291,435</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,632,975	4,257,404
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,906,544</u>	<u>5,649,140</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 14,539,519</u>	<u>\$ 9,906,544</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	3,672,923	2,384,165
Depreciation	534,860	541,012
Change in Accounts Receivable	(1,777,044)	(551,560)
Change in Prepaid Expenses	139,694	(180,632)
Change in Accounts Payable	2,923,990	1,191,394
Change in Accrued Payroll and Related Expenses	(11,706)	(7,310)
Change in Accrued Compensated Absenses	(126,303)	89,905
Change in Unearned Revenue	34,318	6,500
Change in Net Pension Asset/Liability and Related Deferred Outflows/Inflows	<u>(746,853)</u>	<u>(336,686)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,643,879</u>	<u>\$ 3,136,788</u>
Noncash Investing, Capital, and Financing Activities:		
None	<u>\$ -</u>	<u>\$ -</u>

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

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

Reporting Entity

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Investments

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

Receivables

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

Capital Assets

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

Compensated Absences

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

Substantially all employees earn from 13.5 to 30 days of annual leave with accumulation limited to 30 days. Payment is made to employees for unused annual leave at termination or retirement. At September 30, 2021 and September 30, 2020, liabilities in the amounts of \$1,197,232 and \$1,323,535 have been recorded.

Long-Term Obligations

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

Net Position

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

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

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

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

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Federal Financial Assistance Programs

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

Subsequent Events: In preparing the financial statements, management evaluated subsequent events through August 18, 2022, the date the financial statements were available to be issued.

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

Risk Management

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

NOTE B – DEPOSITS AND INVESTMENTS

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

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

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

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

Credit Risk

Deposits and investments consisted of cash and cash equivalents, certificates of deposit, and client deposits totaling \$15,627,328 at September 30, 2021 and \$11,055,790 at September 30, 2020. All deposits and investments are collateralized by the SAFE Program and FDIC.

NOTE C – ACCOUNTS RECEIVABLE

Accounts Receivable consists of the following at September 30,

	2021	2020
Department of Mental Health	\$ 6,085,392	\$ 4,200,827
Medicaid	990,149	972,853
Department of Housing and Urban Development	166,792	211,416
Other	199,581	279,774
Total Accounts Receivable	\$ 7,441,914	\$ 5,664,870

NOTE D – CHANGES IN CAPITAL ASSETS

A summary of changes in general fixed assets follows:

<u>YEAR ENDED SEPTEMBER 30, 2021</u>	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets				
Land	\$ 248,127	\$ -	\$ -	\$ 248,127
Buildings	11,049,325	276,828	(79,208)	11,246,945
Motor Vehicles	767,570	-	-	767,570
Equipment	375,395	10,700	(14,724)	371,371
Total Capital Assets	12,440,417	287,528	(93,932)	12,634,013
Less: Accumulated Depreciation				
Buildings	5,280,158	462,338	(69,383)	5,673,113
Motor Vehicles	682,034	41,026	-	723,060
Equipment	242,346	31,496	(14,724)	259,118
Total Accumulated Depreciation	6,204,538	534,860	(84,107)	6,655,291
Net Capital Assets	\$ 6,235,879	\$ (247,332)	\$ (9,825)	\$ 5,978,722
<u>YEAR ENDED SEPTEMBER 30, 2020</u>	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets				
Land	\$ 248,127	\$ -	\$ -	\$ 248,127
Buildings	10,909,157	140,168	-	11,049,325
Motor Vehicles	857,622	31,270	(121,322)	767,570
Equipment	357,185	18,210	-	375,395
Total Capital Assets	12,372,091	189,648	(121,322)	12,440,417
Less: Accumulated Depreciation				
Buildings	4,825,108	455,050	-	5,280,158
Motor Vehicles	746,305	57,051	(121,322)	682,034
Equipment	213,435	28,911	-	242,346
Total Accumulated Depreciation	5,784,848	541,012	(121,322)	6,204,538
Net Capital Assets	\$ 6,587,243	\$ (351,364)	\$ -	\$ 6,235,879

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE E - DEFINED BENEFIT PENSION PLAN

Employees' Retirement System of Alabama

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

The ERS Board of Control's 13 trustees are as follows:

1. The Governor, ex officio,
2. The State Treasurer, ex officio,
3. The State Personnel Director, ex officio,
4. The State Director of Finance, ex officio,
5. 3 vested members of ERS appointed by the Governor for a term of 4 years, no 2 of whom are from the same department of state government nor from any department of which an ex office trustee is the head,
6. 6 members of ERS who are elected by members from the same category of ERS for a term of 4 years as follows:
 - a. 2 retired members with 1 from the ranks of retired state employees and 1 from the ranks of retired employees of a city, county or public agency each of whom is an active beneficiary of ERS,
 - b. 2 vested active state employees,
 - c. 2 vested active employees of an employer participating in ERS pursuant to 36-27-6.

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

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE E - DEFINED BENEFIT PENSION PLAN - CONTINUED

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2019. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

Members are eligible for disability retirement if they have 10 years or more of creditable service, are currently in service, and are determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status, and eligibility for retirement.

ERS serves over 800 local participating employers. These participating employers include cities, counties, and other public entities. As of September 30, 2020, the Authority's membership consisted of:

Retired Members or Their Beneficiaries Currently Receiving Benefits	56
Vested Inactive Members	11
Non-Vested Inactive Members	174
Active Members	<u>449</u>
Total	<u><u>690</u></u>

Contributions – Covered members of ERS contributed 5% of earnable compensation to ERS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of ERS are required by statute to contribute 7.5% of earnable compensation. Certified law enforcement, correctional officers, and firefighters contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, certified law enforcement, correctional officers, and firefighters were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters are required by statute to contribute 8.5% of earnable compensation. State Police contribute 10% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

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

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE E - DEFINED BENEFIT PENSION PLAN - CONTINUED

ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2021, the Authority's active employee contribution rates were 5% of covered payroll for Tier 1 employees and 6% of covered payroll for Tier 2 employees, and the Authority's average contribution rate to fund the normal and accrued liability costs was 1.71% of covered employee payroll.

The Authority's contractually required contribution rate for the year ended September 30, 2021 was 2.86% of covered payroll for Tier 1 employees, and 0.39% of covered payroll for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2019, a percent of annual covered payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the Plan from the Authority were \$283,693 for the year ended September 30, 2021.

Net Pension Liability

The Authority's net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019 rolled forward to September 30, 2020 using standard roll-forward techniques as follows:

		<u>Expected</u>	<u>Actual Before Act 2019-132</u>	<u>Actual After Act 2019-132</u>
Total pension liability, at September 30, 2019	(a)	\$ 33,077,749	\$ 31,999,931	\$ 31,999,931
Discount rate	(b)	7.70%	7.70%	7.70%
Entry age normal cost	(c)	1,230,222	1,230,222	1,230,222
Transfers among employers	(d)	-	94,355	94,355
Actual benefit payments and refunds	(e)	<u>(1,462,366)</u>	<u>(1,462,366)</u>	<u>(1,462,366)</u>
Total pension liability, at September 30, 2020 =[(a) x (1+(b))] + (c) + (d) + [(e) x (1+0.5 x (b))]	(f)	<u>\$ 35,336,291</u>	<u>\$ 34,269,836</u>	<u>\$ 34,269,836</u>
Difference between expected and actual	(g)		(1,066,455)	
Less: Liability immediately recognized	(h)		<u>94,355</u>	
Difference between expected and actual - experience (gain)/loss	(i)		<u>\$ (1,160,810)</u>	
Difference between actual TPL before and after Act 2019-132 - Benefit change (gain)/loss	(j)			<u>\$ -</u>

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE E - 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	2.750%
Salary Increases	3.25% - 5.00%
Investment Rate of Return*	7.700%

*Net of pension plan investment expense, including inflation.

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2020 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, 2019 valuation were based on the results of an investigation of the economic and demographic experience for ERS based upon participant data as of September 30, 2010. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

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

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

*Includes assumed rate of inflation of 2.875%.

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

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE E - DEFINED BENEFIT PENSION PLAN – CONTINUED

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
	<u> </u>	<u> </u>	<u> </u>
Balances at September 30, 2019	\$ 33,077,749	\$ 35,444,001	\$ (2,366,252)
Changes for the year:			
Service cost	1,230,222	-	1,230,222
Interest	2,490,686	-	2,490,686
Changes of Assumptions	-	-	-
Difference between expected and actual experience	(1,160,810)	-	(1,160,810)
Contributions - employer	-	233,957	(233,957)
Contributions - employee	-	911,631	(911,631)
Net investment income	-	2,019,015	(2,019,015)
Benefit payments, including refunds of employee contributions	(1,462,366)	(1,462,366)	-
Transfers among employers	94,355	94,355	-
	<u> </u>	<u> </u>	<u> </u>
Net Changes	1,192,087	1,796,592	(604,505)
Balances at September 30, 2020	<u>\$ 34,269,836</u>	<u>\$ 37,240,593</u>	<u>\$ (2,970,757)</u>

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

	1% Decrease <u>6.70%</u>	Current Rate <u>7.70%</u>	1% Increase <u>8.70%</u>
Net Pension Liability	\$ 1,337,698	\$ (2,970,757)	\$ (6,576,681)

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, 2020. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2020. 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.

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE E - DEFINED BENEFIT PENSION PLAN – CONTINUED

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

For the year ended September 30, 2021, the Authority recognized pension expense (income) of \$(522,345). At September 30, 2021, the Authority 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 2,297,771
Changes of assumptions	218,876	-
Net difference between projected and actual earnings on pension plan investments	1,153,434	-
Employer contributions subsequent to the measurement date	<u>283,693</u>	<u>-</u>
Totals	<u>\$ 1,656,003</u>	<u>\$ 2,297,771</u>

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

Fiscal year ended September 30,	
2022	\$ (214,893)
2023	(202,245)
2024	18,880
2025	(96,977)
2026	(146,533)
Thereafter	<u>-</u>
Totals	<u>\$ (641,768)</u>

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE F – ACCOUNTS PAYABLE

Accounts payable consisted of the following at September 30,

	<u>2021</u>	<u>2020</u>
Subcontractors	\$ 10,479,028	\$ 7,959,543
Suppliers and Others	<u>1,248,066</u>	<u>843,561</u>
Total Accounts Payable	<u>\$ 11,727,094</u>	<u>\$ 8,803,104</u>

NOTE G – TAX AND CORPORATE STATUS

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

SCHEDULE OF EMPLOYER PENSION PLAN CONTRIBUTIONS

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Pension Liability										
Service Cost	\$ 1,230,222	\$ 1,237,536	\$ 1,090,653	\$ 1,079,866	\$ 1,126,605	\$ 1,193,209	\$ 1,185,711	\$ -	\$ -	\$ -
Interest	2,490,686	2,342,736	2,215,596	2,221,839	2,146,422	1,981,189	1,816,066	-	-	-
Differences between expected and actual experience	(1,160,810)	(123,384)	(363,551)	(2,145,438)	(631,118)	(70,164)	-	-	-	-
Changes of assumptions	-	-	184,870	-	403,462	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(1,462,366)	(1,522,985)	(1,160,995)	(1,253,269)	(1,017,914)	(1,059,723)	(815,765)	-	-	-
Transfers among employers	94,355	(42,783)	51,221	(29,683)	(71,171)	-	-	-	-	-
Net Change in Total Pension Liability	1,192,087	1,891,120	2,017,794	(126,685)	1,956,286	2,044,511	2,186,012	-	-	-
Total Pension Liability, Beginning	33,077,749	31,186,629	29,168,835	29,295,520	27,339,234	25,294,723	23,108,711	-	-	-
Total Pension Liability, Ending (a)	<u>\$ 34,269,836</u>	<u>\$ 33,077,749</u>	<u>\$ 31,186,629</u>	<u>\$ 29,168,835</u>	<u>\$ 29,295,520</u>	<u>\$ 27,339,234</u>	<u>\$ 25,294,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position										
Contributions, employer	233,957	315,790	457,307	452,336	443,931	503,134	564,708	-	-	-
Contributions, members	911,631	799,533	804,325	708,436	709,537	663,858	836,627	-	-	-
Net investment income	2,019,015	892,987	2,958,464	3,626,808	2,620,742	300,971	2,683,429	-	-	-
Benefit payments, including refunds of employee contributions	(1,462,366)	(1,522,985)	(1,160,995)	(1,253,269)	(1,017,914)	(1,059,723)	(815,765)	-	-	-
Transfers among employers	94,355	(42,783)	51,221	(29,683)	(71,171)	(44,223)	(6,656)	-	-	-
Net Change in Plan Fiduciary Net Position	1,796,592	442,542	3,110,322	3,504,628	2,685,125	364,017	3,262,343	-	-	-
Plan Fiduciary Net Position, Beginning	35,444,001	35,001,459	31,891,137	28,386,509	25,701,384	25,337,367	22,075,024	-	-	-
Plan Fiduciary Net Position, Ending (b)	<u>\$ 37,240,593</u>	<u>\$ 35,444,001</u>	<u>\$ 35,001,459</u>	<u>\$ 31,891,137</u>	<u>\$ 28,386,509</u>	<u>\$ 25,701,384</u>	<u>\$ 25,337,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Pension Liability (Asset) (a) - (b)	<u>\$ (2,970,757)</u>	<u>\$ (2,366,252)</u>	<u>\$ (3,814,830)</u>	<u>\$ (2,722,302)</u>	<u>\$ 909,011</u>	<u>\$ 1,637,850</u>	<u>\$ (42,644)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.67%	107.15%	112.23%	109.33%	96.90%	94.01%	100.17%	0.00%	0.00%	0.00%
Covered Payroll	\$ 15,889,839	\$ 14,913,563	\$ 14,557,076	\$ 12,940,205	\$ 12,417,717	\$ 12,848,149	\$ 12,981,793	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Payroll	-18.70%	-15.87%	-26.21%	-21.04%	7.32%	12.75%	-0.33%	0.00%	0.00%	0.00%

Notes to Schedule

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

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution*	\$ 283,693	\$ 292,757	\$ 371,236	\$ 511,168	\$ 473,222	\$ 489,877	\$ 548,103	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution*	283,693	292,757	371,236	511,168	473,222	489,877	548,103	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,546,110	\$ 15,889,839	\$ 14,913,563	\$ 14,557,076	\$ 12,940,205	\$ 12,417,717	\$ 12,848,149	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	1.71%	1.84%	2.49%	3.51%	3.66%	3.94%	4.27%	0.00%	0.00%	0.00%

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

Notes to Schedule

- This schedule is required to present information for 10 years. However, until a full 10-year trend is compiled, the Authority will present information for those years for which information is available.
- Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ended September 30, 2021 were based on the September 30, 2018 actuarial valuation.
- Methods and assumptions used to determine contribution rates:

Actuarial cost method.....	Entry age
Amortization method.....	Level percent closed
Remaining amortization period.....	52.8 years
Asset valuation method.....	Five year smoothed market
Inflation.....	2.75%
Salary increases.....	3.25% - 5.00%, including inflation
Investment rate of return.....	7.70%, net of pension plan investment expense, including inflation

**OTHER SUPPLEMENTARY
INFORMATION**

SCHEDULE OF REVENUES

SCHEDULE OF EXPENSES

SCHEDULE OF BOARD OF DIRECTORS AND OFFICIALS

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

SCHEDULE OF REVENUES

For the Year Ended September 30, 2021

	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Fees</u>	<u>Other</u>
	<u>Government</u>	<u>Government</u>	<u>Government</u>		
Medicaid - Title XIX	\$ 7,045,361				
Mental Health Services Block Grant	3,969,073				
Department of Housing and Urban Development	1,009,026				
Crisis Counseling	394,981				
Homeless Critical Mental Illness	199,537				
State Department of Mental Health Grants and Contracts	-	\$ 33,830,315			
State Department of Human Resources Contracts	-	165,437			
State Department of Youth Services Contracts	-	441,146			
All Kids Plus	-	28,734			
Blount County	-	-	\$ 11,400		
Pell City	-	-	5,000		
St. Clair County	-	-	8,870		
Vestavia Hills	-	-	7,200		
Gardendale	-	-	6,000		
Homewood	-	-	5,400		
Oneonta	-	-	4,000		
Mountain Brook	-	-	2,100		
Hueytown	-	-	1,500		
Client Fees	-	-	-	\$ 1,367,689	
Medical Director Services Contract	-	-	-	-	\$ 234,798
Business Functions and Maintenance Service Contracts	-	-	-	-	112,683
Blount County Services	-	-	-	-	54,354
Pell City Schools	-	-	-	-	31,358
Jefferson County Board of Education Contracts	-	-	-	-	236,838
Birmingham Board of Education COPE Unit Contract	-	-	-	-	127,859
Family Court of Jefferson County COPE Unit Contract	-	-	-	-	125,520
Homewood Counselor	-	-	-	-	17,102
St. Clair County District Court Contract	-	-	-	-	15,000
St. Clair County Schools	-	-	-	-	133,820
Property Management Fees	-	-	-	-	135,903
Jefferson County Department of Public Health	-	-	-	-	8,857
Birmingham Special Ed	-	-	-	-	91,210
Oneonta City Schools	-	-	-	-	41,000
DHR Trauma Counseling	-	-	-	-	46,924
Jefferson County Schools - Title 1	-	-	-	-	589,324
Insurance Proceeds	-	-	-	-	194,322
Miscellaneous, Vending and Local Contracts	-	-	-	-	41,925
Total	<u>\$ 12,617,978</u>	<u>\$ 34,465,632</u>	<u>\$ 51,470</u>	<u>\$ 1,367,689</u>	<u>\$ 2,238,797</u>

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

SCHEDULE OF EXPENSES

For the Year Ended September 30, 2021

	Administrative Expenses	Program Expenses	Total Expenses
Salaries	\$ 1,784,384	\$ 16,742,962	\$ 18,527,346
Inpatient Beds	-	8,045,168	8,045,168
Third Party Services	-	493,020	493,020
Health Insurance	53,888	1,509,289	1,563,177
Rent	17,046	1,145,496	1,162,542
Social Security and Medicare Tax	62,775	1,252,505	1,315,280
Assisted Living Facility Beds	-	515,865	515,865
Food	290	514,788	515,078
Retirement	(27,659)	(494,686)	(522,345)
Staff Mileage	1,326	400,529	401,855
Electricity	50,267	473,157	523,424
Depreciation	24,980	509,880	534,860
Dues and Fees	28,325	343,129	371,454
Medical & Psychiatric Consultation	-	170,612	170,612
Telephone	4,847	177,301	182,148
Building Repairs and Maintenance	27,185	155,320	182,505
Client Medications	-	158,925	158,925
Fellowship House MOM Apartments	-	154,200	154,200
Workman's Compensation	(64)	191,247	191,183
Home Furniture and Equipment	169	114,157	114,326
Cable / Internet	5,470	187,496	192,966
Nursing Home Contracts	-	35,883	35,883
Grounds Maintenance	11,608	153,567	165,175
Water and Sewer	3,168	193,093	196,261
Client Maintenance	65	108,513	108,578
Outside Services	65,597	91,598	157,195
Liability Insurance	62,548	103,472	166,020
UAB Supportive Services	-	93,647	93,647
Auto Insurance	2,769	82,653	85,422
Computer and Media Supplies	40,510	51,245	91,755
Janitorial Supplies	1,374	73,566	74,940
Vehicle Gas and Oil	247	65,788	66,035
Equipment Service Contracts	33,051	58,601	91,652
Vehicle Maintenance	25	61,251	61,276
Dental Insurance	2,220	60,521	62,741
Other Consultation	18,827	44,843	63,670
Staff Conference and Development	13,026	15,523	28,549
Foster Home Beds	-	51,280	51,280
Legal	5,235	3,630	8,865
Housekeeping	15,000	46,113	61,113
Agency Insurance	4,738	48,671	53,409
Office Supplies	31,151	26,241	57,392
Household Supplies	827	29,505	30,332
Gas	-	47,499	47,499
Client Transportation	-	2,982	2,982
MIS Consultation	45,810	80	45,890
Pest Control	542	28,461	29,003
Community Events	-	25,140	25,140

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

SCHEDULE OF EXPENSES - CONTINUED

For the Year Ended September 30, 2021

	<u>Administrative</u> <u>Expenses</u>	<u>Program</u> <u>Expenses</u>	<u>Total</u> <u>Expenses</u>
Office Furniture and Equipment	2,163	6,558	8,721
Medical Supplies	15	32,126	32,141
Auditing and Accounting	17,850	-	17,850
Kitchen Supplies	1,383	13,098	14,481
Socialization	-	8,208	8,208
Appliances	-	16,644	16,644
Psychological Evaluations	-	254,109	254,109
Postage	4,358	3,314	7,672
Books and Periodicals	5,373	1,210	6,583
Unemployment Compensation	-	186,702	186,702
Printing	369	3,504	3,873
Maintenance Supplies	-	6,433	6,433
Equipment and Furniture Repairs	263	2,465	2,728
Education and Recreation Supplies	250	3,552	3,802
Contract Labor	100	53,799	53,899
EMR Consultation	-	10,556	10,556
Coffee Supplies	245	513	758
Vending Machine Supplies	585	3,280	3,865
Equipment Rental	2,197	3,944	6,141
Freight	380	3,390	3,770
Miscellaneous	840	347	1,187
Bank Charges	(120)	-	(120)
Advertising	791	872	1,663
Credit Card Rebate	(17,694)	(1,006)	(18,700)
Administration Overhead	(1,601,599)	1,601,599	-
University of Alabama at Birmingham	-	2,123,458	2,123,458
Chilton/Shelby Mental Health Center	-	1,533,429	1,533,429
West Alabama Mental Health Center	-	1,291,170	1,291,170
Eastside Mental Health Center	-	1,361,154	1,361,154
Indian Rivers Mental Health Center	-	1,007,600	1,007,600
Cahaba Mental Health Center	-	690,545	690,545
Northwest Alabama Mental Health Center	-	380,954	380,954
Cheaha Mental Health Center	-	554,420	554,420
CED Mental Health Center	-	300,000	300,000
Altapointe Health Center	-	300,000	300,000
Strong Girls	-	137,654	137,654
TOTAL EXPENSES	<u>\$ 809,316</u>	<u>\$ 46,259,327</u>	<u>\$ 47,068,643</u>

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

SCHEDULE OF BOARD OF DIRECTORS AND OFFICIALS

September 30, 2021

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

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY
SCHEDULE OF BOARD OF DIRECTORS AND OFFICIALS - CONTINUED
September 30, 2021

Mr. Lamar Kelly	President	301 Fieldstown Road Gardendale, AL 35071
Ms. Barbara Martin	Member	1516 5th Avenue West Birmingham, AL 35208
Mrs. Sandra Oden	Member	2926 Warrior River Road Hueytown, AL 35023
Ms. Charlene Rhodes	Member	111 Dannon Drive Gardendale, AL 35071
Ms. Laura Roberts	Member	1040 Park Drive Leeds, AL 35094
Mr. Jason Rose	Member	1228 Edinborough Lane Vestavia Hills, AL 35226
Mr. Jacob Scott	Member	1040 Park Drive Leeds, AL 35094
Ms. Lois Scott	Member	841 60th Street Fairfield, AL 35064
Mrs. Marianne Sharbel	Member	16 Cross Creek Drive Birmingham, AL 35213
Mrs. Cindy Smith	Assistant Secretary/Treasurer	433 Devon Drive Homewood, AL 35209
Ms. LaBeatriz Tatum-Wright	Member	3405 Ashwood Road Hueytown, AL 35023
Mr. Marvin J. Thornton	Treasurer	3621 River Ridge Road Vestavia Hills, AL 35243
Mr. Jansen Voss	2nd VP/Secretary	4100 Old Leeds Road Mt. Brook, AL 35213
Ms. Kim Wesson	Member	1109 Truss Ferry Road Pell City, AL 35125

GOVERNMENT AUDIT SECTION

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

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

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the business-type activities of Jefferson - Blount- St. Clair Mental Health Authority (the Authority) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated August 18, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Birmingham, Alabama
August 18, 2022

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



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



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

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

Report on Compliance for Each Major Federal Program

We have audited Jefferson – Blount – St. Clair Mental Health Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2021. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Birmingham, Alabama
August 18, 2022



Phillip Morgan & Company P.C.



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



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

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

We have audited the contract/grant agreement numbers G1-033249, G1-0325354, and G1-422278 between the Department of Mental Health (“DMH”) and Jefferson – Blount - St. Clair Mental Health Authority (the Authority) as of and for the year ended September 30, 2021.

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

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

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

Birmingham, Alabama
August 18, 2022

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

PHILLIP MORGAN & COMPANY P.C.

JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2021

Federal Grantor/Passthrough Grantor/Program Title	Direct/ Indirect Funding	Federal CFDA Number	Grantor's Number	Award Year Ending	Budget		Revenue Recognized	Expenditures of Federal Awards
					Total Expenses	Federal Share of Expenses		
Department of Health and Human Services								
Passed Through Alabama Department of Mental Health								
Block Grant for Community Mental Health Services	Indirect	93.958	B1-AL-CMHS	9/30/2021	\$ 22,173,695	\$ 2,914,414	\$ 2,617,433	\$ 2,617,433
Project for Assistance in Transition from Homelessness	Indirect	93.150	SMX060001	9/30/2021	216,915	216,915	199,536	199,536
Total Department of Health and Human Services					22,390,610	3,131,329	2,816,969	2,816,969
Department of Housing and Urban Development								
Supportive Housing Program	Direct	14.235	AL0019L4C001912	6/30/2021	393,696	393,696	304,560	304,560
Supportive Housing Program	Direct	14.235	AL0019L4C002013	6/30/2022	131,232	131,232	112,021	112,021
Supportive Housing Program - UAB	Direct	14.235	AL0021L4C001912	7/31/2021	496,686	496,686	488,606	488,606
Supportive Housing Program - UAB	Direct	14.235	AL0021L4C002013	7/31/2022	111,287	111,287	107,417	107,417
Total Department of Housing and Urban Development					1,132,901	1,132,901	1,012,604	1,012,604
Total Federal Awards					\$ 23,523,511	\$ 4,264,230	\$ 3,829,573	\$ 3,829,573

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Summary of Significant Accounting Policies

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

Note 2 - Basis of Presentation

The schedule of expenditures of federal awards summarizes the expenditures of the Authority under programs of the federal government for the year ended September 30, 2021.

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

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JEFFERSON - BLOUNT- ST. CLAIR MENTAL HEALTH AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2021

I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

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

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

None

