

**Jefferson County  
Department of Health**

**FINANCIAL STATEMENTS**

**September 30, 2020**



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**Jefferson County Department of Health**  
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**September 30, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Jefferson County Department of Health  
Birmingham, Alabama

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County Department of Health (the Department), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Department'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; 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 of 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 auditors consider 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 opinions. 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 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 governmental activities, each major fund, and the aggregate remaining fund information of the Department, as of September 30, 2020, and the respective changes in financial position, thereof for the year then ended in conformity 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 management's discussion and analysis on pages 4.1 through 4.4 and information beginning on page 46 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 financials in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements 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 also issued our report dated April 13, 2021, on our consideration of the Department'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 the effectiveness of the Department's 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 Department's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Birmingham, Alabama

April 13, 2021

## JEFFERSON COUNTY DEPARTMENT OF HEALTH

### Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) is an analysis of the financial condition and operating results of the government written by its *financial managers*. As financial management of the Board, we offer readers of this financial statement an overview and analysis of the financial activities of the Jefferson County Department of Health (the Department). This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in the Department's financial position and identify individual fund issues or concerns.

The MD&A is designed to focus on the current year's activities, resulting changes and currently known facts. It should be read in conjunction with the financial statements that begin on page 4.

### OVERVIEW OF THE FINANCIAL STATEMENTS

**Government-Wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private-sector business.

The Statement of Net Position (page 4) presents information on all the Department's assets and liabilities, with the difference between the two 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 Department is improving or deteriorating.

## Jefferson County Department of Health

### Net Assets

Assets	<u>2020</u>	<u>2019</u>	<u>Percentage Change</u>
Current assets	\$ 73,634,957	\$ 70,116,980	5.02%
Noncurrent assets	47,679,389	46,501,091	2.53%
Deferred outflows of resources	6,356,032	9,114,241	-30.26%
<b>Total Assets</b>	<b><u>127,670,378</u></b>	<b><u>125,732,312</u></b>	<b>1.54%</b>
<b>Liabilities</b>			
Current liabilities	4,653,128	4,272,255	8.92%
Noncurrent liabilities	64,991,308	58,352,022	11.38%
Deferred inflows of resources	1,116,370	5,768,918	-80.65%
<b>Total Liabilities</b>	<b><u>70,760,806</u></b>	<b><u>68,393,195</u></b>	<b>3.46%</b>
<b>Net Position</b>			
Invested in capital assets	42,075,690	41,179,979	2.18%
Restricted	3,301,351	2,449,006	34.80%
Unrestricted	11,532,531	13,710,132	-15.88%
<b>Total Net Position</b>	<b><u>\$ 56,909,572</u></b>	<b><u>\$ 57,339,117</u></b>	<b>-0.75%</b>

As shown in the table above, the Department experienced a decrease of \$429,545 in net position at the government-wide level. The majority of the Department's net position is invested in capital assets (land, buildings, and equipment) owned by the Department. These assets are not available for future expenditures since they will not be sold.

Total assets and deferred outflows of resources increased by \$1,938,066 (1.54%). This increase is primarily due to:

- an increase in Accounts Receivable (\$5.08M). This increase is the result of the Department being eligible and applying for reimbursement of its COVID-19-related expenditures through the Coronavirus Relief Fund. Established by the CARES Act, the \$150 billion Coronavirus Relief Fund provided payments to State, Local, and Tribal governments addressing the impact of COVID-19 outbreak.
- decreases in the Cash and Investment balances (-\$2.0M) were due in part to the Department making significant unplanned expenditures related to the COVID-19 pandemic;
- decreases in Deferred Outflow of Resources (-\$2.8M) due mainly to a change of assumptions for Post-Employment Benefits Other Than Pension (OPEB) and Net Pension Asset (-\$259K);
- an increase in Post-Employment Benefits Other Than Pension (OPEB) assets (\$541K) and
- an increase in Property, Plant and Equipment, net of depreciation (\$895K) due mainly to the renovation of a portion of Guy M. Tate building.

The \$2.4M (3.46%) net increase in total liabilities and deferred inflows of resources is primarily due to:

- an increase in Accounts Payable (\$1M) for expenses related the ongoing pandemic;
- an increase in Accrued Leave (\$600K) for amounts due to separated employees at 09/30/2020;
- an increase in Net Pension Obligation (\$6M);
- a decrease in Accrued Payroll (-\$647K); and a
- a decrease in pension-related and OPEB-related Deferred Inflow of Resources (-\$4.7M).

The Statement of Activities (page 6) presents information showing how the Department’s net position changed during the fiscal year.

Government-wide Statement of Activities						
Program activities:	Expenses		Program Revenues		Net (Expense) Revenue	
	2020	2019	2020	2019	2020	2019
General administration	\$ 16,916,228	\$ 13,505,277	\$ 399,583	\$ 372,595	\$ (16,516,645)	\$ (13,132,682)
Health statistics and vital records	482,781	311,152	404,722	440,711	(78,059)	129,559
Environmental health	7,758,139	8,856,847	6,550,183	6,181,879	(1,207,956)	(2,674,968)
Disease control	6,382,128	5,999,872	1,252,987	1,342,006	(5,129,141)	(4,657,866)
Dental health	1,466,602	2,179,734	348,705	981,433	(1,117,897)	(1,198,301)
Emergency preparedness and response	450,759	360,138	506,723	358,696	55,964	(1,442)
Primary care services	26,928,201	22,248,388	16,714,732	8,609,327	(10,213,469)	(13,639,061)
<b>Total program activities</b>	<b>\$ 60,384,838</b>	<b>\$ 53,461,408</b>	<b>\$26,177,635</b>	<b>\$18,286,647</b>	<b>\$ (34,207,203)</b>	<b>\$ (35,174,761)</b>
<b>General revenues:</b>						
Shared revenues					\$ 30,939,734	\$ 30,275,209
Investment earnings (loss)					1,623,850	1,851,979
Miscellaneous revenues					1,214,074	1,060,410
<b>Total general revenues</b>					<b>33,777,658</b>	<b>33,187,598</b>
<b>Change in net position</b>					<b>(429,545)</b>	<b>(1,987,163)</b>
Net position at beginning of year					57,339,117	59,326,280
<b>Net position at end of year</b>					<b>\$ 56,909,572</b>	<b>\$ 57,339,117</b>

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, compensated absences).

**Total Program Revenues** of \$26.2 million increased by \$7.9 million (43.15%). This increase was due in large part to reimbursement of COVID-19-related expenditures from the Coronavirus Relief Fund and billing for primary care services which were provided but not billed as a result of the implementation of the Department’s new electronic health record system in the previous fiscal year.

**Total General Revenues** of \$33.8 million increased by \$590,060 and reflects an increase in tax revenue (\$665K) in fiscal year 2020 as compared to fiscal year 2019. Investment earnings and the adjustment to market value were 12% lower than the previous year due to falling interest rates.

**Total Expenses** of \$60.4 million reflected an increase of \$6.9 million (12.95%) from the previous fiscal year. The increase was primarily due to COVID-19-related expenses.



## **Fund Financial Statements**

The Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (page 9) includes essentially the same functions reported as governmental activities in the government-wide financial statements. Although the Fund statements and the Government-wide statements include the same functions, the financial information is different due to different reporting requirements relating primarily to capital asset transactions. Reconciliation of the government-wide statements to the corresponding government fund statements may be found on pages 8 and 10.

**Capital expenditures** of \$2,802,869 were necessary during fiscal year 2020. The capital expenditures were primarily for the partial renovation of the GMT building and the purchase of information technology equipment.

## **General Fund comparison of Actual to Budgeted results (page 46)**

The budgeted excess of expenditures over revenues for the fiscal period was not realized. Revenues were higher than those budgeted by \$4,872,348 due to reimbursement of COVID-19-related expenditures from the Coronavirus Relief Fund, an unfavorable budget variance for tax revenue (\$99K) and third party reimbursement (\$695K) and favorable budget variances for other revenue (\$257K), fees for services (\$220K), and operating grants (\$120K).

Expenditures were \$6 million higher than those budgeted. The main factor in this department-wide budget variance were primarily due to unbudgeted COVID-19-related expenses. Budget transfers to the Capital Fund were completed to cover future capital outlay.

## **Economic Factors and Fiscal 2021 General Fund Budget**

The proposed General Fund budget totals \$50,916,872. This is a decrease of \$876,820 (-1.7%) from the fiscal year 2020 budget.

## **Revenue Highlights**

The budget includes \$7,600,000 of ad valorem tax, an increase of \$311,802 (4%) from fiscal year 2020. This amount is an estimate of two percent (2%) of the ad valorem taxes collected in Jefferson County for the County and its Municipalities, excluding those ad valorem taxes collected for the State of Alabama and all Boards of Education, and is the minimum percentage allowed in the funding legislation. The budget includes sales tax revenue of \$20,500,000, a 14% decrease from fiscal year 2020.

Net Intergovernmental Revenue of \$2,135,690 is an increase of \$53,386 (2.6%) over prior year budget. Revenues for services provided by the Department in fiscal year 2021 are budgeted to be \$8,768,732. The decrease of \$3,335,530 (-27.6 %) from the fiscal year 2020 budgeted amount is primarily the result of the COVID-19 pandemic's projected impact on JCDH's clinical and environmental health programs.

The \$2,342,132 amount budgeted for Other Revenue/Non-Operating Revenue is lower than the prior year budget by \$202,137 (-8%).

An allocation of \$9,570,318 is expected from the Department's unrestricted General Fund balance.

### **Expenditure Highlights**

Personnel costs of \$35,140,015 are \$192,382 (-0.5%) lower than those budgeted for fiscal year 2020. Salaries are 76% of personnel cost budget, with employee and retiree benefits representing 23% and 1% respectively.

Contract Services of \$4,108,670 are higher by \$462,310 (12.7%) than those budgeted in fiscal year 2020. Materials and Supplies costs are projected to be \$10,468,187 which is an \$1,146,748(-9.9%) decrease from fiscal year 2020.

The Capital Expenditure/Transfer budget of \$1,200,000 for capital asset replacement transfer remains unchanged from fiscal year 2020.

### **Capital Projects Fund**

Expenditures of \$3,016,125 are planned for fiscal year 2021. This includes funds for capital improvements to the Guy M. Tate Building and Eastern Health Center and the replacement of some IT infrastructure.

### **Special Revenue Funds**

In addition to the General Fund Budget, the Department has nine active Special Revenue Funds expected to total \$7,641,192. These funds are operated in accordance with the funding requirements of special grants and appropriations.

The General Fund, Capital Projects Fund and Special Revenue Fund budgets for fiscal year 2021 total \$61,574,189.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found on pages 13 through 44.

### **Other Information**

Required supplementary information can be found on page 45 of this report.

Also included in the report are the Office of Management and Budget (OMB) A-133 Single Audit auditor reports, findings, and schedules, including the OMB Schedule of Findings and Questioned Costs.

### **Contacting the Department's Financial Management**

This financial report is designed to provide a general overview of the Department's finances and to show the Department's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Rodney Holmes, Director, Finance and Administration, Jefferson County Department of Health, P.O. Box 2648, Birmingham, AL 35202.

**Jefferson County Department of Health  
Statement of Net Position**

<i>September 30, 2020</i>	Governmental Activities
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 3,710,250
Investments	57,081,421
Receivables (net of allowance for doubtful accounts)	11,815,942
Prepaid items	534,005
Inventories	493,339
<b>Total current assets</b>	<b>73,634,957</b>
<b>Noncurrent assets</b>	
Net pension asset	4,989,413
Net OPEB asset	614,286
Land	3,389,034
Buildings and equipment	67,811,556
Accumulated depreciation	(29,124,900)
<b>Total noncurrent assets</b>	<b>47,679,389</b>
<b>Total assets</b>	<b>121,314,346</b>
<b>Deferred outflows of resources</b>	
Employer contributions subsequent to measurement date - pension	4,595,547
Changes of assumptions - pension	357,074
Difference between projected and actual experience - pension	309,534
Difference between projected and actual earnings - pension	1,093,877
<b>Total deferred outflows of resources</b>	<b>6,356,032</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 127,670,378</b>

(Continued)

*The accompanying notes are an integral part of these financial statements.*

**Jefferson County Department of Health  
Statement of Net Position (Continued)**

<i>September 30, 2020</i>	Governmental Activities
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	\$ 2,621,772
Accrued payroll and related costs	770,622
Accrued leave - current	1,260,734
<b>Total current liabilities</b>	4,653,128
<b>Noncurrent liabilities</b>	
Accrued leave - noncurrent	5,314,656
Net pension liability	59,676,652
<b>Total noncurrent liabilities</b>	64,991,308
<b>Total liabilities</b>	69,644,436
<b>Deferred inflows of resources</b>	
Net difference between projected and actual pension experience	953,971
Net difference between projected and actual earnings on OPEB plan investments	146,514
Net difference between projected and actual OPEB experience	15,885
<b>Total deferred inflows of resources</b>	1,116,370
<b>Net position</b>	
Net investment in capital assets	42,075,690
Restricted	3,301,351
Unrestricted	11,532,531
<b>Total net position</b>	\$ 56,909,572

*The accompanying notes are an integral part of these financial statements.*

**Jefferson County Department of Health  
Statement of Activities**

*For the year ended September 30, 2020*

Program Activities	Expenses	Program Revenues		Net
		Fees, Fine and Charges for Services	Operating Grants and Contributions	Revenue (Expense) and Changes in Net Position
				Total
<b>Governmental activities:</b>				
General government administration	\$ 16,916,228	\$ -	\$ 399,583	\$ (16,516,645)
Health statistics and vital records	482,781	404,722	-	(78,059)
Environmental health	7,758,139	5,476,955	1,073,228	(1,207,956)
Disease control	6,382,128	264,160	988,827	(5,129,141)
Dental health	1,466,602	348,705	-	(1,117,897)
Emergency preparedness and response	450,759	-	506,723	55,964
Clinical primary and support service	26,928,201	7,877,606	8,837,126	(10,213,469)
<b>Total governmental activities</b>	<b>\$ 60,384,838</b>	<b>\$ 14,372,148</b>	<b>\$ 11,805,487</b>	<b>(34,207,203)</b>
<b>General revenues:</b>				
				30,939,734
				1,623,850
				1,214,074
				<u>33,777,658</u>
				Change in net position (429,545)
				Net position at beginning of year <u>57,339,117</u>
				<b>Net position at end of year</b> <u><u>\$ 56,909,572</u></u>

*The accompanying notes are an integral part of these financial statements.*

## Jefferson County Department of Health Balance Sheet—Governmental Funds

September 30, 2020

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 3,710,250	\$ -	\$ -	\$ 3,710,250
Investments	57,081,421	-	-	57,081,421
Receivables, net of allowance for doubtful accounts	10,446,764	-	1,369,178	11,815,942
Interfund receivables	1,200,668	19,681,345	8,302,850	29,184,863
Inventories	493,339	-	-	493,339
Prepaid items	534,005	-	-	534,005
<b>Total assets</b>	<b>\$ 73,466,447</b>	<b>\$ 19,681,345</b>	<b>\$ 9,672,028</b>	<b>\$ 102,819,820</b>
<b>Liabilities</b>				
Accounts payable	\$ 2,159,561	\$ 292,202	\$ 170,009	\$ 2,621,772
Accrued payroll and related costs	770,622	-	-	770,622
Accrued leave - current	322,854	-	-	322,854
Interfund payables	27,984,195	-	1,200,668	29,184,863
<b>Total liabilities</b>	<b>31,237,232</b>	<b>292,202</b>	<b>1,370,677</b>	<b>32,900,111</b>
<b>Fund balance</b>				
Nonspendable:				
Inventory and prepaids	1,027,344	-	-	1,027,344
Restricted for:				
Air pollution requirements	-	-	1,441,932	1,441,932
Immunization requirements	-	-	5,531	5,531
Small grants	-	-	30,714	30,714
Storm water requirements	-	-	1,823,174	1,823,174
Committed to:				
Capital projects	-	19,389,143	-	19,389,143
Disaster recovery	1,000,000	-	-	1,000,000
Public health community projects	-	-	5,000,000	5,000,000
Compensated absence obligations	6,252,536	-	-	6,252,536
General liability obligations	4,346,484	-	-	4,346,484
On the job injury obligations	1,000,000	-	-	1,000,000
Patient/client assistance	43,257	-	-	43,257
Freshwater Land Trust	3,894,808	-	-	3,894,808
Sustainable Industrial-Residential Buffer	2,000,000	-	-	2,000,000
Assigned to:				
General government	124,317	-	-	124,317
Subsequent year's budget	4,024,839	-	-	4,024,839
Unassigned	18,515,630	-	-	18,515,630
<b>Total fund balances</b>	<b>42,229,215</b>	<b>19,389,143</b>	<b>8,301,351</b>	<b>69,919,709</b>
<b>Total liabilities and fund balances</b>	<b>\$ 73,466,447</b>	<b>\$ 19,681,345</b>	<b>\$ 9,672,028</b>	<b>\$ 102,819,820</b>

*The accompanying notes are an integral part of these financial statements.*

**Jefferson County Department of Health  
Reconciliation of the Governmental Fund Balance Sheet to the  
Statement of Net Position**

*September 30, 2020*

Fund balance - total governmental funds	\$	69,919,709
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		42,075,690
Net OPEB assets are not current financial resources and therefore are not reported in the governmental funds balance sheet.		614,286
Net pension assets are not current financial resources and therefore are not reported in the governmental funds balance sheet.		4,989,413
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.		
Accrued leave		(6,252,536)
Net pension obligation		(59,676,652)
Deferred outflow related to pensions		6,356,032
Deferred outflow related to OPEB		-
Deferred inflow related to pensions		(1,100,485)
Deferred inflow related to OPEB		(15,885)
<b>Net position of governmental activities</b>		<b>\$ 56,909,572</b>

*The accompanying notes are an integral part of these financial statements.*

**Jefferson County Department of Health**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances—**  
**Governmental Funds**

*For the year ended September 30, 2020*

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Tax revenues:				
Sales tax revenues	\$ 23,334,661	\$ -	\$ -	\$ 23,334,661
Advalorem tax revenues	7,605,073	-	-	7,605,073
<b>Total tax revenues</b>	<b>30,939,734</b>	<b>-</b>	<b>-</b>	<b>30,939,734</b>
Fees for services	4,387,007	-	1,841,704	6,228,711
Third-party reimbursement	7,282,798	-	342	7,283,140
Intergovernmental revenues:				
Federal grants and special contracts	5,866,423	-	4,682,889	10,549,312
State grants and other government revenues	1,200,230	-	10,145	1,210,375
Other revenues	3,086,866	-	657,155	3,744,021
<b>Total revenues</b>	<b>52,763,058</b>	<b>-</b>	<b>7,192,235</b>	<b>59,955,293</b>
<b>Expenditures</b>				
Current:				
General government administration	10,871,354	-	-	10,871,354
Health statistics and vital records	476,798	-	-	476,798
Environmental health	4,819,271	-	2,642,945	7,462,216
Disease control	6,215,844	-	60,675	6,276,519
Dental health	1,429,098	-	-	1,429,098
Clinical primary and support service	22,944,559	-	2,995,009	25,939,568
Emergency preparedness and response	-	-	445,173	445,173
Other expenditures	1,412,358	-	-	1,412,358
Capital outlay	-	2,606,781	196,088	2,802,869
<b>Total expenditures</b>	<b>48,169,282</b>	<b>2,606,781</b>	<b>6,339,890</b>	<b>57,115,953</b>
<b>Excess revenues (expenditures)</b>	<b>4,593,776</b>	<b>(2,606,781)</b>	<b>852,345</b>	<b>2,839,340</b>
<b>Other financing sources (uses)</b>				
Other sources - transfers in	-	1,200,000	-	1,200,000
Other uses - transfers out	(1,200,000)	-	-	(1,200,000)
<b>Other financing sources (uses), net</b>	<b>(1,200,000)</b>	<b>1,200,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>3,393,776</b>	<b>(1,406,781)</b>	<b>852,345</b>	<b>2,839,340</b>
Fund balances at beginning of year	38,835,439	20,795,924	7,449,006	67,080,369
<b>Fund balances at end of year</b>	<b>\$ 42,229,215</b>	<b>\$ 19,389,143</b>	<b>\$ 8,301,351</b>	<b>\$ 69,919,709</b>

*The accompanying notes are an integral part of these financial statements.*



**Jefferson County Department of Health  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities**

*For the year ended September 30, 2020*

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Net change in fund balances - total governmental funds	\$	2,839,340
Amounts reported for governmental activities in the statement of activities are different because:		
The effect of the increase in the noncurrent accrued leave is to decrease net position.		(681,575)
Governmental funds report capital assets as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		2,802,869
The effect of the decrease in accrued self-insurance is to increase net position.		400,000
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds.		(1,855,490)
The net effect of transactions involving pension activity is to decrease net position.		(2,012,937)
The net effect of transactions involving OPEB activity is to decrease net position.		(1,870,084)
The net effect of transactions involving the disposal of capital assets is to decrease net position.		(51,668)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(429,545)</b>

*The accompanying notes are an integral part of these financial statements.*

**Jefferson County Department of Health  
Statement of Fiduciary Net Position—OPEB Trust Fund**

*September 30, 2020*

	OPEB Trust Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 83,103
Investments	5,761,068
<b>Total assets</b>	5,844,171
<b>Net position restricted for OPEB</b>	\$ 5,844,171

*The accompanying notes are an integral part of these financial statements.*

**Jefferson County Department of Health  
Statement of Changes in Fiduciary Net Position—OPEB Trust Fund**

*For the year ended September 30, 2020*

	OPEB Trust Fund
<b>Additions</b>	
Contributions:	
Employer	\$ 388,284
<hr/>	
Investment activity:	
Gains on investments and investment income	566,864
Less investment expense	(13,374)
<hr/>	
Total investment activity	553,490
<hr/>	
<b>Total additions</b>	<b>941,774</b>
<hr/>	
<b>Deductions</b>	
Benefit payments:	
Employer	388,284
<hr/>	
<b>Total deductions</b>	<b>388,284</b>
<hr/>	
Net increase in net position	553,490
<hr/>	
<b>Net position restricted for other post-employment benefits - beginning of year</b>	<b>5,290,681</b>
<hr/>	
<b>Net position restricted for other post-employment benefits - end of year</b>	<b>\$ 5,844,171</b>
<hr/> <hr/>	

*The accompanying notes are an integral part of these financial statements.*

**Jefferson County Department of Health  
Notes to Financial Statements Index**

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## Jefferson County Department of Health Notes to Financial Statements

### Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Organization***

The Jefferson County Department of Health (the Department) provides medical and education services to residents of Jefferson County. Also, the Department provides environmental monitoring of various industries within Jefferson County. Revenues are primarily generated via local taxes, federal and state grants, Medicaid, fines from environmental pollutants, and licensing revenues. In addition, revenues are received based on various contracts which obligate the Department to provide services for other health care organizations. The Department is under the general supervision and control of the Alabama State Board of Health.

The Department complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

#### ***Basis of Presentation***

##### *Government-wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the Department as a whole. They include all funds of the reporting entity, except fiduciary funds. The statements also distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues or other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. For the year ended September 30, 2020, the Department had no business-type activities.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

##### *Fund Financial Statements*

Fund financial statements of the Department are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. A fund is considered major if it is the General Fund of the reporting entity or meets the following criteria:

Total assets, liabilities, revenues, or expenditure/expenses of the fund are at least 10 percent of the corresponding total for all funds of that category or type; and

## Jefferson County Department of Health Notes to Financial Statements

### Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Basis of Presentation (Continued)***

##### *Fund Financial Statements (Continued)*

Total assets, liabilities, revenues, or expenditure/expenses of the individual fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The Department's funds are described below:

##### *Governmental Fund Types*

Governmental funds are those through which all activities of the Department are financed. The acquisition, use and balances of the Department's expendable financial resources and related liabilities are accounted for through governmental funds. The following are the Department's governmental fund types:

*General Fund*—The General Fund is the general operating fund of the Department and is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds*—Special Revenue Funds are used to account for the proceeds of federal, state, and local grants which are legally restricted and can be used only to finance specified activities as a condition of the grants and for recovery of appropriate indirect costs. The Department must submit separate financial records on the uses of these funds to the grantor agencies on a regular basis. The Department is required to match, at varying amounts, the federal funds spent for specific programs. Such expenditures are included in the General Fund. Special Revenue Funds are also used to account for any program revenues that the Department commits or restricts for specified purposes. These funds have no legal requirement for separation, only a Department requirement for separation.

*Capital Projects Fund*—The Capital Projects Fund has been established to account for financial resources to be used for expansion and renovation of facilities by the Department. The General Fund provides the resources for these activities.

*Major and Nonmajor Funds*—The General Fund and the Capital Projects Fund are classified as major funds and are described above.

#### ***Measurement Focus***

On the Government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

## Jefferson County Department of Health Notes to Financial Statements

### **Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Basis of Accounting***

In the Government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, when applicable, which are reported when due.

#### ***Budgetary Accounts***

The Department adopts an annual budget for the General Fund. The Department maintains its budget on the modified accrual basis and it is approved by the Board of the Jefferson County Department of Health. The net operating result cannot be amended without the Board's approval. The budget of the General Fund is presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual. Appropriations lapse at year-end.

#### ***Inventories***

Inventories consist of medicine and medical supplies stated on the weighted average cost basis. Reported inventories in the fund financial statements are equally offset by a fund balance restriction which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

#### ***Investments***

Investments are stated at market value plus accrued interest.

#### ***Compensated Absences***

Department employees earn annual vacation and sick leave in varying amounts based upon years of service. Employees who terminate in good standing are reimbursed for accumulated vacation leave and any accumulated sick leave through their termination date. The Department is not liable for accumulated vacation or sick leave unless the employee has completed one year of service.

## Jefferson County Department of Health Notes to Financial Statements

### Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Compensated Absences (Continued)***

The total liability for these compensated absences is recorded in the government-wide financial statements. In the fund financial statements, only the portion of compensated absences representing amounts due to separated employees at September 30, 2020 is recorded as a liability.

#### ***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the appropriation, is employed in the Governmental Funds. Encumbrances are reported as restricted, committed, or assigned fund balance in the Governmental Funds, as they do not constitute expenditures or liabilities.

#### ***Management Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent liabilities and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***Receivables***

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals and other similar intergovernmental revenues since they are usually both measurable and available. Any nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

#### ***Interfund Transactions***

During the course of normal operations, the Department incurs numerous transactions between funds to provide services, construct assets, etc. These transactions are generally reported as operating transfers except in instances where the transfer represents the reimbursement to a fund for expenditures incurred for the benefit of another fund. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.



**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Interfund Transactions (Continued)***

See Note 7 for details of interfund transfers, receivables and payables at year-end. Permanent reallocations of resources between funds of the Department are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

***Capital Assets***

The accounting treatment of property, plant and equipment (capital/fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements**

In the government-wide financial statements, fixed assets with initial individual costs of more than \$5,000 and an estimated useful life in excess of one year are accounted for as capital assets. All fixed assets are valued at historical cost, or at estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Historical cost was used to value the majority of assets.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' useful lives using the straight-line method of depreciation.

The range of useful lives by type of asset is as follows:

Buildings	25 – 50 years
Equipment	3 – 20 years

The Department had no fixed assets considered infrastructure (e.g., roads, bridges, sidewalks and similar items) at year-end.

**Fund Financial Statements**

In the Fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures by the governmental fund benefiting from the fixed asset upon acquisition.

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Financial Statements (Continued)*

Capital asset activity for the year ended September 30, 2020 was as follows:

	Beginning Balance	Increase/ Reclassifications	Retirement/ Reclassifications	Ending Balance
<b>Governmental activities:</b>				
Land	\$ 3,410,768	\$ -	\$ (21,734)	\$ 3,389,034
Construction progress	-	-	-	-
<b>Total capital assets not being depreciated</b>	<b>3,410,768</b>	<b>-</b>	<b>(21,734)</b>	<b>3,389,034</b>
<b>Capital assets being depreciated:</b>				
Buildings	56,033,910	1,770,405	(75,623)	57,728,692
Equipment	9,189,815	1,032,464	(139,415)	10,082,864
<b>Total capital assets being depreciated</b>	<b>65,223,725</b>	<b>2,802,869</b>	<b>(215,038)</b>	<b>67,811,556</b>
<b>Less accumulated depreciation for:</b>				
Buildings	(20,622,130)	(1,144,428)	45,689	(21,720,869)
Equipment	(6,832,384)	(711,062)	139,415	(7,404,031)
<b>Total accumulated depreciation</b>	<b>(27,454,514)</b>	<b>(1,855,490)</b>	<b>185,104</b>	<b>(29,124,900)</b>
<b>Total capital assets being depreciated, net</b>	<b>37,769,211</b>	<b>947,379</b>	<b>(29,934)</b>	<b>38,686,656</b>
<b>Governmental activities capital assets, net</b>	<b>\$41,179,979</b>	<b>\$ 947,379</b>	<b>\$ (51,668)</b>	<b>\$42,075,690</b>

Depreciation expense and a change in the depreciation estimate were charged to programs of the primary government as follows:

<b>Governmental activities:</b>	
General government administration	\$ 943,678
Environmental health	202,280
Disease control	26,845
Dental health	19,570
Clinical primary and support service	663,117
<b>Total depreciation expense – governmental activities</b>	<b>\$ 1,855,490</b>

## Jefferson County Department of Health Notes to Financial Statements

### Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Equity Classifications***

##### *Government-wide Statements*

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets: Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Department has no such debt and therefore no such debt reduction is applicable.
- b. Restricted net position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position: All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

##### *Fund Statements*

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted Fund Balance*—This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance*—These amounts can only be used for specific purposes pursuant to constraints imposed by resolutions of the Board of the Jefferson County Department of Health – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned Fund Balance*—This classification reflects the amounts constrained by the Department’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

## Jefferson County Department of Health Notes to Financial Statements

### Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fund statements (Continued)

*Unassigned Fund Balance*—This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Department's policy to use restricted resources first, then committed, assigned, and unassigned – in order as needed.

The Board has committed \$19,389,143 of the Capital Projects Fund balance to provide resources for the future purchase of capital assets and the construction of buildings and facilities.

The Board has established a policy to commit \$1,000,000 of the General Fund fund balance to cover disaster recovery efforts (natural disaster, epidemics, terrorist acts, etc.) that the Department could act upon as part of its mission to the residents of Jefferson County.

The Board has committed \$5,000,000 of the Special Revenue Fund fund balance for future public health community projects.

Employees with one year of service or more who terminate in good standing are reimbursed for accumulated vacation leave and any accumulated sick leave through their termination date. The Board has committed \$6,252,536 of General Fund balance to fund this future amount.

The Board has committed \$4,346,484 of General Fund fund balance for the funding of the Jefferson County Department of Health Professional and General Liability Trust Fund, the purpose of which will be to pay claims against the Department's directors, officers, agents, servants, and employees.

The Board has committed \$1,000,000 of General Fund fund balance for funding a trust for potential on-the-job-injury claims.

The Board has committed \$43,257 of General Fund fund balance for various patient and client benefits.

The Board has committed \$3,894,808 of General Fund fund balance for funding of the Freshwater Land Trust, to provide funding for public health and environmental protection infrastructure projects.

The Board has committed \$2,000,000 of General Fund fund balance for funding of the Sustainable Industrial-Residential Buffers Fund, to provide funding for creating of buffer zones, green spaces, and environmental improvement project in residential areas in close proximity to heavy industrial areas.

## Jefferson County Department of Health Notes to Financial Statements

### Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Expenditures/Expenses***

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

#### ***Pensions***

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

The City of Birmingham Retirement and Relief System Retirement Plan (the Plan) financial statements are prepared using the accrual basis for accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Financial statements are prepared in accordance with requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a pension trust fund (fiduciary fund type) in the City of Birmingham's Comprehensive Annual Financial Report.

#### ***Other Postemployment Benefits***

The fiduciary net position of the Department's Retiree Benefits Plan (the OPEB Plan) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflow of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the OPEB Plan's fiduciary net position. Benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Subsequent Events***

The Department has evaluated subsequent events through April 13, 2021, the date these financial statements were available to be issued.

**Note 2: CASH AND INVESTMENTS**

***Cash and Cash Equivalents***

At year-end, the carrying amount and bank balance of the Department's deposit accounts were as follows:

	Carrying Amount	Bank Balance
All governmental funds	\$ 3,710,250	\$ 3,690,201
OPEB Trust Fund	83,103	83,103

At September 30, 2020, the bank balances of the Department's deposit accounts were covered by federal depository insurance, secured by collateral through a financial institution or secured by collateral through the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) Program. Under the SAFE Program, the Department's funds are protected through a collateral pool administered by the Alabama State Treasury. Certain banks holding deposits belonging to the state, counties, cities, or agencies of any of these entities must pledge securities as collateral against those deposits. In the event of the failure of a bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the pledged securities failed to produce adequate funds for that purpose, then every bank participating in the pool would share the liability for the remaining balance.

***Investments***

The Department classifies its fair value measurements in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. Level 2 inputs are inputs – other than quoted prices included in Level 1 – that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability.

## Jefferson County Department of Health Notes to Financial Statements

### Note 2: CASH AND INVESTMENTS (Continued)

#### Investments (Continued)

The following schedule of investments displays the fair value of assets held in the General Fund as of September 30, 2020, as well as the valuation approaches and inputs used in determining fair value:

##### Professional and General Liability Reserve Investments

Investment type	Fair Value	Duration	Fair Value Measurements		
			Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ 10,054,963	1.46	\$ -	\$ 10,054,963	\$ -
GNMA Mortgage Backed Securities	4,712	1.03	-	4,712	-
<b>Net investments</b>	<b>10,059,675</b>		<b>-</b>	<b>10,059,675</b>	<b>-</b>
Accrued interest income	37,252		-	37,252	-
<b>Total portfolio</b>	<b>10,096,927</b>		<b>-</b>	<b>10,096,927</b>	<b>-</b>

##### Other General Fund Investments

Investment type	Fair Value	Duration	Fair Value Measurements		
			Level 1	Level 2	Level 3
Government Asset Backed/CMO Securities	22,123,653	1.50	-	22,123,653	-
<b>Net investments</b>	<b>22,123,653</b>		<b>-</b>	<b>22,123,653</b>	<b>-</b>
Accrued interest income	117,076		-	117,076	-
<b>Total portfolio</b>	<b>22,240,729</b>		<b>-</b>	<b>22,240,729</b>	<b>-</b>
Certificates of deposit	19,434,795	1.07	-	19,434,795	-
Money market funds	5,308,970	*	-	5,308,970	-
<b>Total portfolio</b>	<b>24,743,765</b>		<b>-</b>	<b>24,743,765</b>	<b>-</b>
<b>Total portfolios</b>	<b>\$ 57,081,421</b>		<b>\$ -</b>	<b>\$ 57,081,421</b>	<b>\$ -</b>

\*Duration information could not be determined for the money market fund account (Regions RTCS); however, the portfolio is required to maintain a weighted average maturity period of 60 days or less.

The following schedule of investments displays the fair value of assets held in the Fiduciary Fund as of September 30, 2020, as well as the valuation approaches and inputs used in determining fair value:

##### OPEB Trust

Investment type	Fair Value	Fair Value Measurements		
		Level 1	Level 2	Level 3
Equities	\$ 3,837,138	\$ 3,837,138	\$ -	\$ -
U.S. Government Bonds	254,238	254,238	-	-
Mortgage Backed Securities	378,182	-	378,182	-
U.S. Credit	760,868	-	760,868	-
Fixed Income Mutual Funds	521,893	521,893	-	-
<b>Net investments</b>	<b>5,752,319</b>	<b>4,613,269</b>	<b>1,139,050</b>	<b>-</b>
Accrued interest income	8,749	-	8,749	-
<b>Total portfolio</b>	<b>\$ 5,761,068</b>	<b>\$ 4,613,269</b>	<b>\$ 1,147,799</b>	<b>\$ -</b>

## Jefferson County Department of Health Notes to Financial Statements

### Note 2: CASH AND INVESTMENTS (Continued)

#### Interest Rate Risk

Through its investment policy, the Department manages its exposure to fair value losses arising from increasing interest rates by limiting the modified or effective duration of its investment portfolio to between current and a maximum of 4.5 years.

#### Credit Risk

The Department manages all of its operations in a conservative and prudent manner due to its responsibilities to the public. It manages the investments in the portfolio in a similar manner. The Department strictly adheres to the 'prudent investor rule', and its pertinent application within State statutes governing the investment management of public funds. This rule states investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The investments held within the portfolio were allowable under Alabama law. The individual securities were all backed by the full faith and credit of the U.S. Government. The money market holdings were collateralized by the respective financial institutions holding the deposits. The Federated GNMA Fund invests in full faith and credit instruments of the U.S. Government.

The Department's certificates of deposit and money market funds totaling \$24,743,765 are secured by federal depository insurance or the SAFE Program.

### Note 3: PENSION PLANS

#### EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA

##### *Plan Description*

The Department contributes to the Employees' Retirement System of Alabama (ERS), an Agent multiple employer public employee retirement system that acts as a common investment and administrative agent for the various state agencies and departments.

The ERS was established as of October 1, 1945, under the provisions of Act 515, Acts of Alabama 1945, for the purpose of providing retirement allowances and other specified benefits for State employees, State police, and on an elective basis to all cities, counties, towns and quasi-public organizations. The responsibility for general administration and operation of the ERS is vested in the Board of Control. Benefit provisions are established by the Code of Alabama 1975, Sections 36-27-1 through 36-27-103, as amended, Sections 36-27-120 through 36-27-139, as amended, and Sections 36-27B-1 through 36-27B-6. Authority to amend the Plan rests with the Legislature of Alabama. However, the Legislature has granted the Board of Control authority to accept or reject various Cost-Of-Living-Adjustments (COLAs) granted to retirees.



**Note 3: PENSION PLANS (Continued)**

**EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)**

***Plan Description (Continued)***

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

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

***Benefits Provided***

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

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 3: PENSION PLANS (Continued)**

**EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)**

***Benefits Provided (Continued)***

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 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit.

Under the formula method, Tier 2 members of the ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and 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 on the member's age, service credit, employment status and eligibility for retirement.

The ERS serves approximately 907 local participating employers. The ERS membership includes approximately 93,986 participants. As of September 30, 2019, membership consisted of:

	<u>ERS</u>	<u>JCDH</u>
Retirees and beneficiaries currently receiving benefits	25,871	494
Terminated employees entitled to, but not yet receiving benefits	1,794	21
Terminated employees not entitled to a benefit	11,001	28
Active members	56,109	391
Post-DROP participants who are still in active service	98	0
<u>Total</u>	<u>94,873</u>	<u>934</u>

***Contributions***

Tier 1 covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. ERS local participating employers are not required by statute to increase contribution rates for their members.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 3: PENSION PLANS (Continued)**

**EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)**

***Contributions (Continued)***

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit and administrative expenses of the Plan. For the year ended September 30, 2020, the Department's active employee contribution rate was 5.54% of covered employee payroll.

The Department's contractually required contribution rate for the year ended September 30, 2020 was 17.61% of pensionable pay for Tier 1 employees and 15.18% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2016, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan were \$4,693,663 for the year ended September 30, 2020.

***Net Pension Liability***

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

Total Pension Liability Roll Forward		
	Expected	Actual
(a) <b>Total Pension Liability</b> as of September 30, 2018	\$ 169,773,303	\$ 169,940,406
(b) <b>Discount Rate</b>	7.70%	7.70%
(c) <b>Entry Age Normal Cost</b> for October 1, 2018 – September 30, 2019	2,110,895	2,110,895
(d) <b>Transfers Among Employers</b>	-	10,324
(e) <b>Actual Benefit Payment and Refunds</b> for October 1, 2018 – September 30, 2019	(13,082,597)	(13,082,597)
(f) <b>Total Pension Liability</b> as of September 30, 2019 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+.5*(b))]	\$ 171,370,465	\$ 171,560,760
(g) <b>Difference between Expected and Actual Experience (Gain)/Loss</b>		\$ 190,295
(h) <b>Less Liability Transferred for Immediate Recognition</b>		10,324
(i) <b>Experience (Gain)/Loss = (g) - (h)</b>		\$ 179,971

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 3: PENSION PLANS (Continued)**

**EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)**

**Actuarial Assumptions**

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

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

\*Net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the September 30, 2018 actuarial valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2015.

The 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:

	Allocation	Long-term Expected Rate of Return*
<b>Fixed Income</b>	17.00%	4.40%
<b>U. S. Large Stocks</b>	32.00%	8.00%
<b>U. S. Mid Stocks</b>	9.00%	10.00%
<b>U. S. Small Stocks</b>	4.00%	11.00%
<b>International Developed Market Stocks</b>	12.00%	9.50%
<b>International Emerging Market Stocks</b>	3.00%	11.00%
<b>Alternatives</b>	10.00%	10.10%
<b>Real Estate</b>	10.00%	7.50%
<b>Cash</b>	3.00%	1.50%
<b>Total</b>	<b>100.00%</b>	

\* Included assumed rate of Inflation of 2.50%

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 3: PENSION PLANS (Continued)**

**EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)**

***Discount Rate***

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

***Changes in Net Pension Liability***

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
<b>Balances at September 30, 2018</b>	\$ 169,773,303	\$ 116,156,598	\$ 53,616,705
Changes for the year:			
Service cost	2,110,895	-	2,110,895
Interest	12,568,864	-	12,568,864
Changes in assumptions	-	-	-
Difference between expected and actual experience	179,971	-	179,971
Contributions – employer	-	4,499,632	(4,499,632)
Contributions – employee	-	1,409,446	(1,409,446)
Net investment income	-	2,890,705	(2,890,705)
Benefit payments, including refunds of employee contributions	(13,082,597)	(13,082,597)	-
Administrative expense	-	-	-
Transfers among employers	10,324	10,324	-
Net changes	1,787,457	(4,272,490)	6,059,947
<b>Balances at September 30, 2019</b>	\$ 171,560,760	\$ 111,884,108	\$ 59,676,652

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 3: PENSION PLANS (Continued)**

**EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

	1% Decrease (6.70%)	Current Discount (7.70%)	1% Increase (8.70%)
Plan's net pension liability	\$ 76,102,022	\$ 59,676,652	\$ 45,582,319

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 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 dated August 27, 2020 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes are also available. The additional financial and actuarial information is available at [www.rsa-al.gov](http://www.rsa-al.gov).

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

For the year ended September 30, 2020, the Department recognized pension expense of \$6,512,920. At September 30, 2019, the reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 309,534	\$ 953,971
Changes of assumptions	357,074	-
Net difference between projected and actual earnings on plan investments	1,093,877	-
Employer contributions subsequent to the Measurement Date	4,595,547	-
<b>Total</b>	<b>\$ 6,356,032</b>	<b>\$ 953,971</b>

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 3: PENSION PLANS (Continued)**

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

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

*For the years ending September 30,*

2021	\$ (771,235)
2022	(441,130)
2023	863,365
2024	1,155,514
2025	-
Thereafter	-
<b>Total</b>	<b>\$ 806,514</b>

**CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM**

***Plan Description***

With respect to certain employees who have not transferred to the Retirement System of Alabama, the Department participates with another local governmental unit in the City of Birmingham Retirement and Relief System (the "Plan"), an agent multiple-employer retirement plan. The Plan was created by legislation enacted by the Alabama State Legislature and is, therefore, governed by state statute. The plan is closed to new entrants.

***Benefits Provided***

Department participants in the Plan who retire at age 60 with 10 years of credited service or participants completing 30 years of credited service, regardless of age, are entitled to an annual benefit payable monthly for life. A participant who terminates employment before reaching retirement age after completing 10 years of credited service is eligible for normal monthly pension benefits beginning at age 60, provided accumulated employee contributions are not withdrawn. The Plan also provides death and disability benefits. At June 30, 2019, membership consisted of:

Membership as of the valuation date June 30, 2019

Active employees	6
Retired participants and beneficiaries	38
<b>Total</b>	<b>44</b>

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 3: PENSION PLANS (Continued)**

**CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM (Continued)**

***Contributions***

Covered employees are required by law to contribute to the Plan. The Department contributes a required amount of 2% of employee compensation to the Plan, which is determined by the consulting actuary. Eligible department employees contribute 6% of compensation to the Plan. For fiscal years ended September 30, 2020 and 2019, the Department contributed 100% of the required contributions. The Department contributed \$8,560 and \$8,702 for fiscal years 2020 and 2019, respectively.

***Net Pension Liability (Asset)***

The Department's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2020 using standard roll-forward techniques as shown in the following table:

Total Pension Liability Roll Forward	
<b>Total Pension Liability</b>	
as of June 30, 2019	\$ 10,575,562
Service Cost	27,451
Interest	761,472
Differences between expected and actual experience	(381,077)
Benefit payments and refunds	(900,096)
Net changes	(492,250)
<b>Total Pension Liability</b>	
as of June 30, 2020	\$ 10,083,312

***Actuarial Assumptions***

The actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to June 30, 2020 are as follows:

Inflation	2.50%
Salary increases	2.50%, plus age-related salary scale based on participant group
Investment rate of return	7.50%, including inflation, net of pension plan investment expense

Health mortality rates were based on the sex distinct RP-2014 Blue Collar Employee Mortality Table, set forward two years for males and four years for females. Disabled mortality rates were based on the sex distinct RP-2014 Disabled Retiree Mortality Table.



**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 3: PENSION PLANS (Continued)**

**CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM (Continued)**

***Actuarial Assumptions (Continued)***

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an experience study for the period July 1, 2010 to June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method 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 allocation percentage and by adding the expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Allocation	of Return
Large cap domestic equity	30%	5.95%
Small and mid-cap domestic equity	10%	6.15%
International equity	27%	4.90%
Core fixed income	11%	1.70%
Short-term high yield fixed income	4%	3.30%
Private equity	15%	9.50%
Cash	2%	0.90%
Other fixed income	1%	3.70%
<b>Total</b>	<b>100%</b>	

***Discount Rate***

The discount rate used to measure the total pension liability is 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at 6.00% of compensation from plan members and no future employer contributions will be made. Based on these assumptions, the Department's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the Department's pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

Total pension liability	\$	10,083,312
Plan fiduciary net position		15,072,725
The Plan's net pension liability (asset)	\$	(4,989,413)
Plan fiduciary net position as a percentage of total pension liability		149.48%

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 3: PENSION PLANS (Continued)**

**CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM (Continued)**

***Changes in Net Pension Liability (Asset)***

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
<b>Balances at June 30, 2019</b>	\$ 10,575,562	\$ 15,823,708	\$ (5,248,146)
Changes for the year:			
Service cost	27,451	-	27,451
Interest	761,472	-	761,472
Changes in assumptions	-	-	-
Difference between expected and actual experience	(381,077)	-	(381,077)
Contributions – employer	-	8,560	(8,560)
Contributions – employee	-	21,717	(21,717)
Net investment income	-	118,836	(118,836)
Benefit payments, including refunds of employee contributions	(900,096)	(900,096)	-
Administrative expense	-	-	-
Transfers among employers	-	-	-
Net changes	(492,250)	(750,983)	258,733
<b>Balances at June 30, 2020</b>	<b>\$ 10,083,312</b>	<b>\$ 15,072,725</b>	<b>\$ (4,989,413)</b>

***Sensitivity of the Net Pension Asset to Changes in the Discount Rate***

The following table presents the net pension asset of the Department, calculated using the discount rate of 7.50%, as well as what the Department’s net pension asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Plan’s net pension asset	\$ 4,140,292	\$ 4,989,413	\$ 5,729,204

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 3: PENSION PLANS (Continued)**

**CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in a publicly available financial report separately issued The City of Birmingham. Their report includes financial statements and required supplementary information for the Plan. The report may be obtained by writing the City of Birmingham, Director of Finance, Room GA100, City Hall, Birmingham, Alabama 35203.

***Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At September 30, 2020, the Department had fully funded the Plan. No additional significant employer contributions were made subsequent to the measurement date. Therefore, no deferred outflows for contributions made after the measurement date but before the end of the fiscal year have been recorded.

The investments held by the Plan yielded no significant changes between projected and actual earnings; therefore, no deferred inflows for such have been recorded.

Additionally, there were no material changes of assumptions and there were no material differences between expected and actual experience.

**Note 4: SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended September 30, 2020, was as follows:

	Balance at Sept. 30, 2019	Additions	Reductions	Balance at Sept. 30, 2020	Due Within one year
Compensated absences	\$ 5,575,076	\$ 1,896,486	\$ 896,172	\$ 6,575,390	\$ 1,260,734

**Note 5: CONTINGENCIES**

***Litigation***

At September 30, 2020, several suits have been filed and are pending against the Department. The Department maintains an investment account to pay claims against the Department. Management and counsel feel that no opinion can be given on the ultimate outcome of these proceedings but management believes that the amount in the account is adequate to cover any adverse claims that may arise from them. The Department intends to vigorously defend its position in each of these matters.

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 5: CONTINGENCIES (Continued)**

***Grant and Programmatic Revenue Contingencies***

The Department has received federal and state grants and revenues for specific purposes or programs that are subject to review and audit by grantor or programmatic agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed for reimbursement by the grantor or agency cannot be determined at this time or the Department's management expects such amounts will not be significant.

**Note 6: RECEIVABLES**

Accounts receivable at September 30, 2020 consists of the following:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Due from other governments	\$ 9,484,277	\$ -	\$ 1,362,973	\$ 10,847,250
Client patient billings	1,677,484	-	-	1,677,484
Other – Environmental Health,	443,917	-	6,205	450,122
<b>Total receivables</b>	<b>11,605,678</b>	<b>-</b>	<b>1,369,178</b>	<b>12,974,856</b>
Allowance for doubtful	(1,158,914)	-	-	(1,158,914)
<b>Receivables – net</b>	<b>\$ 10,446,764</b>	<b>\$ -</b>	<b>\$ 1,369,178</b>	<b>\$ 11,815,942</b>

**Note 7: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of September 30, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects Fund	General Fund	\$ 19,681,345
Nonmajor governmental funds	General Fund	8,302,850
General Fund	Nonmajor governmental funds	1,200,668
<b>Total</b>		<b>\$ 29,184,863</b>

The purpose of the interfund receivable balance to the General Fund from Nonmajor governmental funds is for reimbursement of operating expenditures paid from the General Fund on behalf of Nonmajor governmental funds. The interfund receivable balance to the Capital Projects Fund from the General Fund is for future health center construction projects and reimbursement of capital expenditures. The interfund balances between the Nonmajor governmental funds and the General Fund are for reimbursement of operating expenditures between these funds.

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 7: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)**

Transfers for the year ended September 30, 2020 consisted of the following:

Transfer To	Transfer From	Amount
Capital Projects Fund	General Fund	\$ 1,200,000
<b>Total</b>		<b>\$ 1,200,000</b>

The purpose of the transfer from the General Fund to the Capital Projects Fund was for health center construction projects and capital expenditures.

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

***Plan Description***

The Department has established a single-employer postemployment benefit plan. The Plan is funded through an irrevocable Trust which holds investments to fund future benefits. Medical benefits are provided to former employees upon retirement through participation in the Local Government Health Insurance Plan (LGHIP), a multiple-employer self-insured welfare plan administered by the State of Alabama’s Local Government Health Insurance Board (LGHIB).

The employees are covered by the Retirement System of Alabama and must meet the retirement eligibility provisions of that system to receive retiree medical benefits. Those eligibility provisions are as follows: 25 years of consecutive service; or, attainment of age 60 and 10 years of service. Complete plan provisions are included in the official plan documents.

Management of the Plan is vested in the Jefferson County Board of Health, who may vary from time to time and who may designate certain administration officials as signatories on the Trust’s investment account.

***Plan Membership***

At September 30, 2020, the Plan’s membership consisted of 337 active employees and 31 retirees.

***Benefits Provided***

The employer pays a portion of the cost of the retiree medical benefits. The earliest retirement eligibility provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service (called "Tier1" members). Employees hired on and after January 1, 2013 (called "Tier 2" members) are eligible to retire only after attainment of age 62 or later completion of 10 years of service. See the section below entitled "Expected Time of Commencement of Benefits" for the assumption concerning actual assumed retirement.

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

***Contribution Rates***

Employees do not contribute to their postemployment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

***Investment Policy***

The Plan's policy regarding the allocation of invested assets is established and may be amended by the Department. The following was the asset allocation policy as of September 30, 2020:

Asset Class	Target Allocation
Equity	65%
Fixed Income	35%

***Concentrations***

The Plan had no concentrations in investments at September 30, 2020.

***Rate of Return***

For the year ended September 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Net OPEB Liability (Asset)***

The components of the Department's OPEB liability at September 30, 2020, were as follows:

Total OPEB liability	\$ 5,229,885
Plan fiduciary net position	5,844,171
<b>Net OPEB liability (asset)</b>	<b>\$ (614,286)</b>

Plan fiduciary net position as a percentage of the total OPEB liability	111.75%
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**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

***Actuarial Assumptions***

The total OPEB liability was determined by an actuarial valuation as of October 1, 2019, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	4.00%, including inflation
Discount Rate	7.00% annually (Beginning of Year to Determine ADC)
	7.00% annually (As of End of Year Measurement Date)
Healthcare cost trend rates	Flat 4.0% annually

Mortality rates were based on the Employee/Healthy Annuitant RP-2000 Table.

The actuarial assumptions used in the October 1, 2019 valuation were based on the results of ongoing evaluations from October 1, 2006 to September 30, 2020.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of September 30, 2020 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	6%
Corporate Bonds	5%
Certificates of Deposit	1%
Cash	0%

***Discount Rate***

The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that Jefferson County Department of Health contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

***Changes in the Net OPEB Liability (Asset)***

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Pension (b)	Net OPEB Liability (Asset) (a-b)
Balance at September 30, 2019	\$ 5,217,715	\$ 5,290,681	\$ (72,966)
Service cost	67,336	-	67,336
Interest cost at 7.00%	351,650	-	351,650
Difference between expected and actual experience	(18,532)	-	(18,532)
Employer contributions trust	-	-	-
Net investment income	-	553,490	(553,490)
Changes in assumptions	-	-	-
Benefit payments			
a. From trust	-	-	-
b. Direct	(388,284)	-	(388,284)
Administrative expense			
a. From trust	-	-	-
b. Direct	-	-	-
<b>Net changes</b>	<b>12,170</b>	<b>553,490</b>	<b>(541,320)</b>
Balance at September 30, 2020	\$ 5,229,885	\$ 5,844,171	\$ (614,286)

***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate***

The following represents the net OPEB liability (asset) of the Jefferson County Department of Health, as well as what the Jefferson County Department of Health's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate:

	1% (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	\$ (184,172)	\$ (614,286)	\$ (1,002,192)

***Sensitivity of the Net OPEB Liability (Asset) to Changes in Healthcare Cost Trend Rates***

The Department has placed a cap on the amount that will be paid for retiree healthcare costs; therefore, the Department is not subject to sensitivities in healthcare cost trends.



**Jefferson County Department of Health  
Notes to Financial Statements**

**Note 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

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

For the year ended September 30, 2020, the Department recognized OPEB expense of \$226,350. At September 30, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings	\$ -	\$ 146,514
Change of assumptions	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 162,399</b>

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

<i>For the years ending September 30,</i>	Net Amount to be Recognized
2021	\$ (39,275)
2022	(39,275)
2023	(39,275)
2024	(39,275)
2025	(2,647)
Thereafter	(2,652)
<b>Total</b>	<b>\$ (162,399)</b>

**Note 9: ECONOMIC DEPENDENCE**

The Department's ability to provide program services is significantly dependent on annual appropriations and the awarding of grants from Federal, State, and local authorities. A failure to secure funding from these sources would necessitate the discontinuance of the Department's programs.

## Jefferson County Department of Health Notes to Financial Statements

### **Note 10: FUTURE ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Fiduciary activities;
- Lease assets;
- Accounting for interest cost incurred before the end of a construction period;
- Conduit debt obligations;
- Various practice issues (omnibus);
- Public-private and public-public partnerships and availability payment arrangements; and
- Subscription-based information technology arrangements

The Department is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Jefferson County Department of Health  
Schedule of Revenues, Expenditures and Changes in  
Fund Balances—Budget to Actual—General Fund**

*For the year ended September 30, 2020*

	Budgeted Amounts Original and Final	Actual	Variance
<b>Revenue</b>			
Tax revenues:			
Sales tax revenues	\$ 23,750,000	\$ 23,334,661	\$ (415,339)
Advalorem tax revenues	7,288,198	7,605,073	316,875
Fees for services	4,166,564	4,387,007	220,443
Third-party reimbursement	7,978,175	7,282,798	(695,377)
Intergovernmental revenues:			
Federal grants and special contracts	776,978	5,866,423	5,089,445
State grants and other governmental revenues	1,079,826	1,200,230	120,404
Other revenues	2,850,969	3,086,866	235,897
<b>Total revenues</b>	<b>47,890,710</b>	<b>52,763,058</b>	<b>4,872,348</b>
<b>Expenditures</b>			
Current (operating):			
General government administration	13,062,058	10,871,354	2,190,704
Health statistics and vital records	460,344	476,798	(16,454)
Environmental health	6,185,087	4,819,271	1,365,816
Disease control	7,576,707	6,215,844	1,360,863
Dental health	2,354,257	1,429,098	925,159
Clinical primary and support service	24,207,978	22,944,559	1,263,419
Other expenditures	281,516	1,412,358	(1,130,842)
<b>Total expenditures</b>	<b>54,127,947</b>	<b>48,169,282</b>	<b>5,958,665</b>
<b>Excess revenues (expenditures)</b>	<b>(6,237,237)</b>	<b>4,593,776</b>	<b>10,831,013</b>
<b>Other financing sources (uses)</b>			
Other sources - transfers in	4,024,839	-	(4,024,839)
Other uses - transfers out	(1,200,000)	(1,200,000)	-
<b>Other financing uses, net</b>	<b>2,824,839</b>	<b>(1,200,000)</b>	<b>(4,024,839)</b>
<b>Net change in fund balance</b>	<b>\$ (3,412,398)</b>	<b>\$ 3,393,776</b>	<b>\$ 6,806,174</b>

## Jefferson County Department of Health Schedule of Changes in Net Pension Liability

### Employees' Retirement System of Alabama

	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>						
Service cost	\$ 2,110,895	\$ 2,043,773	\$ 2,067,101	\$ 2,125,909	\$ 2,084,496	\$ 2,117,297
Interest	12,568,864	12,625,203	12,453,562	12,395,840	12,294,221	12,155,638
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	179,971	(2,013,937)	840,395	(279,001)	(362,655)	-
Changes of assumptions	-	753,824	-	4,334,855	-	-
Benefit payments, including refunds of employee contributions	(13,082,597)	(13,321,335)	(12,920,100)	(12,769,910)	(12,721,731)	(12,359,564)
Transfers among employers	10,324	119,258	(25,608)	10,519	-	-
<b>Net change in total pension liability</b>	<b>1,787,457</b>	<b>206,786</b>	<b>2,415,350</b>	<b>5,818,212</b>	<b>1,294,331</b>	<b>1,913,371</b>
<b>Total pension liability - beginning</b>	<b>169,773,303</b>	<b>169,566,517</b>	<b>167,151,167</b>	<b>161,332,955</b>	<b>160,038,624</b>	<b>158,125,253</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 171,560,760</b>	<b>\$ 169,773,303</b>	<b>\$ 169,566,517</b>	<b>\$ 167,151,167</b>	<b>\$ 161,332,955</b>	<b>\$ 160,038,624</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 4,499,632	\$ 4,546,425	\$ 4,253,014	\$ 4,059,458	\$ 3,970,489	\$ 3,279,227
Contributions - employee	1,409,446	1,335,891	1,285,442	1,272,188	1,213,267	1,180,665
Net investment income	2,890,705	10,149,381	13,283,779	10,274,715	1,270,798	12,295,106
Benefit payments, including refunds of employee contributions	(13,082,597)	(13,321,335)	(12,920,100)	(12,769,910)	(12,721,731)	(12,359,564)
Transfers among employers	10,324	119,258	(25,608)	10,519	(29,140)	(40,811)
<b>Net change in plan fiduciary net position</b>	<b>(4,272,490)</b>	<b>2,829,620</b>	<b>5,876,527</b>	<b>2,846,970</b>	<b>(6,296,317)</b>	<b>4,354,623</b>
<b>Plan net position - beginning</b>	<b>116,156,598</b>	<b>113,326,978</b>	<b>107,450,451</b>	<b>104,603,481</b>	<b>110,899,798</b>	<b>106,545,175</b>
<b>Plan net position - ending (b)</b>	<b>\$ 111,884,108</b>	<b>\$ 116,156,598</b>	<b>\$ 113,326,978</b>	<b>\$ 107,450,451</b>	<b>\$ 104,603,481</b>	<b>\$ 110,899,798</b>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ 59,676,652</b>	<b>\$ 53,616,705</b>	<b>\$ 56,239,539</b>	<b>\$ 59,700,716</b>	<b>\$ 56,729,474</b>	<b>\$ 49,138,826</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>65.22%</b>	<b>68.42%</b>	<b>66.83%</b>	<b>64.28%</b>	<b>64.84%</b>	<b>69.30%</b>
<b>Covered employee payroll</b>	<b>\$ 26,344,076</b>	<b>\$ 26,000,122</b>	<b>\$ 25,156,550</b>	<b>\$ 24,017,021</b>	<b>\$ 23,374,483</b>	<b>\$ 23,697,656</b>
<b>Net pension liability as a percentage of covered employee payroll</b>	<b>226.53%</b>	<b>206.22%</b>	<b>223.56%</b>	<b>248.58%</b>	<b>242.70%</b>	<b>207.36%</b>

This schedule is intended to cover 10 fiscal years. As each year ensues in the future, the information will be added until the schedule covers 10 years.

## Jefferson County Department of Health Schedule of Changes in Net Pension Liability (Continued)

### City of Birmingham Retirement & Relief Pension System

	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability</b>							
Service cost	\$ 27,451	\$ 36,091	\$ 48,781	\$ 49,939	\$ 61,004	\$ 64,181	\$ 62,675
Interest	761,472	766,879	803,649	778,040	749,345	764,708	765,878
Changes in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(381,077)	(421,970)	336,211	70,755	(187,011)	(202,192)	-
Changes of assumptions	-	-	-	-	(84,528)	-	-
Benefit payments, including refunds of employee contributions	(900,096)	(832,729)	(983,354)	(901,200)	(838,553)	(853,769)	(836,771)
<b>Net change in total pension liability</b>	<b>(492,250)</b>	<b>(451,729)</b>	<b>205,287</b>	<b>(2,466)</b>	<b>(299,743)</b>	<b>(227,072)</b>	<b>(8,218)</b>
<b>Total pension liability - beginning</b>	<b>10,575,562</b>	<b>11,027,291</b>	<b>10,822,003</b>	<b>10,824,469</b>	<b>11,124,212</b>	<b>11,351,284</b>	<b>11,359,502</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 10,083,312</b>	<b>\$ 10,575,562</b>	<b>\$ 11,027,290</b>	<b>\$ 10,822,003</b>	<b>\$ 10,824,469</b>	<b>\$ 11,124,212</b>	<b>\$ 11,351,284</b>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 8,560	\$ 8,702	\$ 10,614	\$ 12,517	\$ 12,474	\$ 13,888	\$ 14,707
Contributions - employee	21,717	21,663	26,426	31,164	31,055	34,556	36,616
Net investment income	118,836	740,330	1,146,266	1,662,389	61,975	665,531	2,288,551
Benefit payments, including refunds of employee contributions	(900,096)	(832,729)	(983,354)	(901,200)	(838,553)	(853,769)	(836,771)
<b>Net change in plan fiduciary net position</b>	<b>(750,983)</b>	<b>(62,034)</b>	<b>199,952</b>	<b>804,870</b>	<b>(733,049)</b>	<b>(139,794)</b>	<b>1,503,103</b>
<b>Plan net position - beginning</b>	<b>15,823,708</b>	<b>15,885,742</b>	<b>15,685,790</b>	<b>14,880,920</b>	<b>15,613,969</b>	<b>15,753,763</b>	<b>14,250,660</b>
<b>Plan net position - ending (b)</b>	<b>\$ 15,072,725</b>	<b>\$ 15,823,708</b>	<b>\$ 15,885,742</b>	<b>\$ 15,685,790</b>	<b>\$ 14,880,920</b>	<b>\$ 15,613,969</b>	<b>\$ 15,753,763</b>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (4,989,413)</b>	<b>\$ (5,248,146)</b>	<b>\$ (4,858,452)</b>	<b>\$ (4,863,787)</b>	<b>\$ (4,056,451)</b>	<b>\$ (4,489,757)</b>	<b>\$ (4,402,479)</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>149.48%</b>	<b>149.63%</b>	<b>144.06%</b>	<b>144.94%</b>	<b>137.47%</b>	<b>140.36%</b>	<b>138.78%</b>
<b>Covered employee payroll</b>	<b>\$ 361,950</b>	<b>\$ 361,050</b>	<b>\$ 440,433</b>	<b>\$ 519,400</b>	<b>\$ 517,583</b>	<b>\$ 575,933</b>	<b>\$ 610,267</b>
<b>The Plan's net pension liability as a percentage of covered employee payroll</b>	<b>-1378.48%</b>	<b>-1453.58%</b>	<b>-1103.11%</b>	<b>-936.42%</b>	<b>-783.73%</b>	<b>-779.56%</b>	<b>-721.40%</b>

This schedule is intended to cover 10 fiscal years. As each year ensues in the future, the information will be added until the schedule covers 10 years.

## Jefferson County Department of Health Schedule of Employer Contributions—Pensions

### Employees' Retirement System of Alabama

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,478,127	\$ 4,485,270	\$ 4,282,218	\$ 4,342,996	\$ 4,151,055	\$ 4,057,707
Employer contributions to pension plan	4,478,127	4,485,270	4,282,218	4,342,996	4,151,055	4,057,707
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 26,344,076	\$ 26,000,122	\$ 25,156,550	\$ 24,017,021	\$ 23,374,483	\$ 23,697,656
Employer contributions to pension plan as a % of covered employee payroll	17.00%	17.25%	17.02%	18.08%	17.76%	17.12%

This schedule is intended to cover 10 fiscal years. As each year ensues in the future, the information will be added until the schedule covers 10 years.

### City of Birmingham Retirement & Relief Pension System

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	8,560	8,702	10,614	12,517	12,474	13,888
Contribution deficiency (excess)	\$ (8,560)	\$ (8,702)	\$ (10,614)	\$ (12,517)	\$ (12,474)	\$ (13,888)
Covered employee payroll*	\$ 361,950	\$ 361,050	\$ 440,433	\$ 519,400	\$ 517,583	\$ 575,933
Contributions as a percentage of covered employee payroll	2.36%	2.41%	2.41%	2.41%	2.41%	2.41%

\* Included assumed contribution rate of 6.00%

This schedule is intended to cover 10 fiscal years. As each year ensues in the future, the information will be added until the schedule covers 10 years.

**Jefferson County Department of Health  
Other Postemployment Benefits  
Schedule of Changes in Net OPEB Liability**

**Schedule of Changes in Net OPEB Liability and Related Ratios for the Year Ended September 30, 2020:**

	2020	2019	2018	2017
<b>Total OPEB liability</b>				
Service cost	\$ 67,336	\$ 32,438	\$ 32,736	\$ 30,722
Interest	351,650	196,011	205,312	206,643
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	(18,532)	(357,066)	(68,141)	(81,862)
Changes of assumptions	-	2,718,584	-	-
Benefit payments	388,284	344,829	260,729	283,422
<b>Net change in total OPEB liability</b>	12,170	2,245,138	(90,822)	(127,919)
<b>Total OPEB liability, beginning of year</b>	5,217,715	2,972,577	3,063,399	3,093,747
<b>Total OPEB liability, end of year</b>	5,229,885	5,217,715	2,972,577	2,965,828
<b>Plan fiduciary net position</b>				
Contributions - employer	388,284	344,829	260,729	283,422
Contributions - other	-	-	-	-
Net investment income	553,490	247,661	307,478	441,337
Benefit payments and net transfers	388,284	344,829	260,729	283,422
Administrative expense	-	-	-	-
<b>Net change in fiduciary net position</b>	553,490	247,661	307,478	441,337
<b>Plan fiduciary net position, beginning of year</b>	5,290,681	5,043,020	4,735,542	4,294,206
<b>Plan fiduciary net position, end of year</b>	5,844,171	5,290,681	5,043,020	4,735,543
<b>Net OPEB liability, end of year</b>	\$ (614,286)	\$ (72,966)	\$ (2,070,443)	\$ (1,769,715)
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	111.75%	101.40%	169.65%	159.67%
<b>Covered employee payroll</b>	23,881,468	22,962,950	25,205,739	22,309,641
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	-2.57%	-0.32%	-8.21%	-7.93%

**Note to schedule:**

This schedule is intended to cover 10 fiscal years. As each year ensues in the future, the information will be added until the schedule covers 10 years.



**Jefferson County Department of Health  
Other Postemployment Benefits  
Schedule of Employer Contributions—OPEB**

**Schedule of Employer Contributions for the Year Ended September 30, 2020**

Actuarially determined contribution	\$ 61,456
Contributions in relation to the actuarially determined contribution	
Employer contributions to trust	-
Employer-paid retiree premiums	388,284
Employer-paid expenses	-
<u>Contribution deficiency (excess)</u>	<u>\$ (326,828)</u>
Covered annual payroll	\$ 23,881,468
Contributions as a percentage of covered employee payroll	1.63%

**Jefferson County Department of Health  
Other Postemployment Benefits  
Schedule of Investment Returns—OPEB**

**Annual Money-Weighted Rate of Return, Net of Investment Expense**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Annual money-weighted rate of return, net of investment expense	10.45%	4.91%	6.54%	10.54%	8.17%	-2.45%	9.28%	13.39%	16.25%	-0.99%	11.39%

Source: Regions Wealth Platform (RWP)

## Jefferson County Department of Health Notes to Required Supplementary Information

### **EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA**

#### **Note 1: SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND SCHEDULE OF PENSION LIABILITY AND FIDUCIARY NET POSITION**

The total pension liabilities presented in these schedules were provided by the Systems' actuarial consultants, Cavanaugh MacDonald Consulting, LLC. The net pension liability is measured as the total pension liability less the components of the plan net position reserved to fund the total pension liability. Those components are annuity savings and pension accumulation. The related ratios show plan net position as a percentage of the total pension liability and the net pension liability as a percentage of covered employee payroll.

#### **Note 2: SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

Contributions were made in accordance with actuarially determined contribution requirements. The employer contribution rate expressed as a percent of payroll is determined annually by reviewing a variety of factors including benefits promised, member contributions, investment earnings, mortality, and withdrawal experience. The employer contribution rates for fiscal year 2020 were 17.70% for Tier 1 employees (hired before January 1, 2013) and 15.46% for Tier 2 employees (hired after January 1, 2013).

#### **Note 3: ACTUARIAL ASSUMPTIONS**

The actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year 2019 were based on the September 30, 2015 actuarial valuation. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial Cost Method	Entry age
Amortization Method	Aggregate Cost Method
Remaining Amortization Period	28.0 years
Asset Valuation Method	5-year smoothed market
Inflation	2.750%
Salary increases	3.25-5.00%, including inflation
Investment rate of return	7.70%, net of pension plan investment expense, including inflation

#### ***Changes to Benefit Terms***

Members hired after January 1, 2013 are covered under a new benefit structure.

**Jefferson County Department of Health  
Notes to Required Supplementary Information**

**EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)**

**Note 3: ACTUARIAL ASSUMPTIONS**

***Changes to Assumptions***

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability, and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

**CITY OF BIRMINGHAM RETIREMENT AND RELIEF PENSION SYSTEM**

**Note 1: SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND SCHEDULE OF PENSION LIABILITY AND FIDUCIARY NET POSITION**

The total pension liabilities presented in these schedules were provided by the City's actuarial consultants, The Segal Group, Inc. The net pension liability is measured as the total pension liability less the components of the plan net position reserved to fund the total pension liability. Those components are annuity savings and pension accumulation. The related ratios show plan net position as a percentage of the total pension liability and the net pension liability as a percentage of covered employee payroll.

**Note 2: SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

Contributions were made in accordance with actuarially determined contribution requirements as dictated by the Plan.

**Jefferson County Department of Health  
Notes to Required Supplementary Information**

**CITY OF BIRMINGHAM RETIREMENT AND RELIEF PENSION SYSTEM (Continued)**

**Note 3: ACTUARIAL ASSUMPTIONS**

Valuation Date	7/1/2018
Actuarial Cost Method	Aggregate Cost Method
Amortization Method	Level percent of payroll, using 2.5% annual increases
Remaining Amortization Period	Rolling 30 years
Asset Valuation Method	Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the market value, and is recognized over a 5 year period, further adjusted, if necessary, to be within 20% of the market value.
Actuarial Assumptions:	
Investment Rate of Return	7.50%, including inflation, net of pension plan investment expense
Projected Salary Increases	2.50%, plus age-related salary scale based on participant group
Inflation rate	2.50%
Cost of Living Adjustments	N/A

## Jefferson County Department of Health Notes to Required Supplementary Information

### OTHER POSTEMPLOYMENT BENEFITS

#### **Note 1: SCHEDULE OF CHANGES IN NET OPEB LIABILITY**

The net OPEB liability presented in these schedules were provided by the Department's actuarial consultants, Fontenot Benefits and Actuarial Consulting. The net OPEB liability is measured as the total OPEB liability less the components of the plan net position reserved to fund the total OPEB liability. The related ratios show plan net position as a percentage of the total OPEB liability and the net OPEB liability as a percentage of employee covered payroll.

#### **Note 2: SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB**

There were no contributions to the Plan outside of employer-paid retiree premiums for the year ended September 30, 2020.

#### **Note 3: ACTUARIAL ASSUMPTIONS—OPEB**

The schedule of employer contributions is based on the following actuarial assumptions:

Valuation date	10/1/2019 Actuarially determined contributions are calculated as of the last day of the fiscal year in which contributions are reported
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level dollar, open
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.5% annually
Healthcare trend	Flat 4.0% annually
Salary increases	4.0% annually
Discount Rate	7.0% annually (Beginning of Year to Determine ADC) 7.0% annually (As of End of Year Measurement Date)
Retirement age	4 years after the earliest of: 25 years of service at any age; or, attainment of age 60 and 10 years of service; employees hired on and after 1/1/13 are not eligible to retire before age 62
Mortality	RP-2000 without projection
Turnover	Age specific table with an average of 8% when applied to the active census

## **SUPPLEMENTARY INFORMATION**

## Jefferson County Department of Health Schedule of Expenditures of Federal Awards

For the year ended September 30, 2020

Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through to Subrecipients
<b><u>U.S. Department of Health and Human Services</u></b>				
<i>Passed through State Dept. of Public Health</i>				
Maternal and Child Health Services Block Grant to the States	93.994	C00119099	\$ 90,644	\$ -
Family Planning Services	93.217	C00119177	494,089	-
Public Health Emergency Preparedness	93.069	C00119239	374,646	-
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	C00119013	90,000	-
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	C90116131	55,000	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	C90116247	269,535	-
National Bioterrorism Hospital Preparedness Program	93.889	C90116260	131,490	-
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	C00119164	16,177	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	C00119183	128,564	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	C00119180	13,910	-
<i>Total CFDA 93.323</i>			<u>142,474</u>	-
Organized Approaches to Increase Colorectal Cancer Screening	93.800	C90116191	16,480	-
<i>Passed through University of Alabama at Birmingham</i>				
HIV Demonstration, Research, Public and Professional Education Projects	93.941	U62PS004582	26,860	-
<b>Total U.S. Department of Health and Human Services</b>			<b>1,707,395</b>	<b>-</b>
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed through State of Dept. of Public Health</i>				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C00119096	2,588,848	-
<b>Total U.S. Department of Agriculture</b>			<b>2,588,848</b>	<b>-</b>
<b><u>U.S. Environmental Protection Agency</u></b>				
<i>Direct</i>				
Air Pollution Control Program Support	66.001		612,770	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		346,582	-
<b>Total U.S. Environmental Protection Agency</b>			<b>959,352</b>	<b>-</b>
<b><u>U.S. Department of Justice</u></b>				
<i>Direct</i>				
Comprehensive Opioid Abuse Site-Based Program	16.838		86,881	-
<b>Total U.S. Department of Transportation</b>			<b>86,881</b>	<b>-</b>
<b><u>U.S. Department of Transportation</u></b>				
<i>Passed through State Dept. of Transportation</i>				
Highway Planning and Construction Cluster	20.205	100064488	57,596	-
<b>Total U.S. Department of Transportation</b>			<b>57,596</b>	<b>-</b>
<b><u>U.S. Department of Treasury</u></b>				
<i>Passed through Jefferson County Commission</i>				
COVID-19 - Coronavirus Relief Fund	21.019		5,149,240	50,363
<b>Total U.S. Department of Transportation</b>			<b>5,149,240</b>	<b>50,363</b>
<b>Total federal awards</b>			<b>\$ 10,549,312</b>	<b>\$ 50,363</b>

See notes to Schedule of Expenditures of Federal Awards.



## **Jefferson County Department of Health Notes to Schedule of Expenditures of Federal Awards**

### **Note 1: GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Jefferson County Department of Health. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other state and local government agencies, is included in the schedule.

### **Note 2: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Department's financial statements.

### **Note 3: INDIRECT COST RATE**

The Department has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### **Note 4: FEDERALLY FUNDED INSURANCE AND FEDERALLY FUNDED LOANS**

The Department has no federally funded insurance and no federally funded loans or loan guarantees for the fiscal year ended September 30, 2020.

### **Note 5: NON-CASH AWARDS**

During the year ended September 30, 2020, the Department did not receive any non-cash federal assistance.

**JEFFERSON COUNTY DEPARTMENT OF HEALTH**

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



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

To the Board of Directors  
Jefferson County Department of Health  
Birmingham, 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County Department of Health (the "Department"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated April 13, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing the audit 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 the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 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 Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS, & INGRAM, LLC

Birmingham, Alabama

April 13, 2021

**JEFFERSON COUNTY DEPARTMENT OF HEALTH**

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



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

To the Board of Directors  
Jefferson County Department of Health  
Birmingham, Alabama

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

We have audited the Jefferson County Department of Health's (the Department) 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 Department's major federal programs for the year ended September 30, 2020. The Department's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Department'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* (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 Department'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 Department's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Department 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 the Department is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit of compliance, we considered the Department's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 the Department'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*, as defined above. 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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC

Birmingham, Alabama

April 13, 2021

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



# Jefferson County Department of Health Schedule of Findings and Questioned Costs

*For the year ended September 30, 2020*

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## Section I - Summary of Auditors' Results

### Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes       no

Significant deficiency(ies)?

yes       none reported

Noncompliance material to financial statements noted?

yes       no

### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

yes       no

Significant deficiency(ies)?

yes       none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

yes       no

Identification of major programs:

CFDA Numbers
21.019

<i>Name of Federal Program or Cluster</i>
COVID-19 - Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs?

\$ 750,000

Auditee qualified as low-risk auditee?

yes       no

## Section II - Financial Statement Findings

There were no matters to be reported

## Section III - Federal Awards Findings and Questioned Costs

There were no matters to be reported