Jefferson County Department of Health

FINANCIAL STATEMENTS

September 30, 2024

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REPORT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2024, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Department's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4.1 through 4.6 and the required supplementary information and related notes on pages 51-60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The accompanying schedule of expenditures of federal awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025, 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 solely 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 Department's internal control over financial reporting and compliance.

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

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

Birmingham, Alabama
June 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, the resulting changes and currently known facts. It should be read in conjunction with the financial statements that begin on page 5.

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, like a private-sector business.

The Statement of Net Position (page 5) 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.

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Jefferson County Department of Health
Net Assets

Assets and Deferred Outflows	2024	2023	% Change
Current assets	$ 90,442,522	$ 82,173,455	10.06%
Noncurrent assets	55,927,931	51,257,445	9.11%
Deferred outflow of resources	14,698,668	22,312,505	-34.12%
Total Assets and Deferred Outflows	**161,069,121**	**155,743,405**	3.42%
Liabilities and Deferred Inflows			
Current liabilities	6,638,881	5,689,429	16.69%
Noncurrent liabilities	80,901,115	82,464,304	-1.90%
Deferred inflows of resources	1,970,205	1,514,456	30.09%
Total Liabilities and Deferred Inflows	**89,510,201**	**89,668,189**	-0.18%
Net Position			
Invested in Capital Assets	44,068,652	42,672,662	3.27%
Restricted	18,085,691	13,595,963	33.02%
Unrestricted	9,404,577	9,806,591	-4.10%
Total Net Position	**$ 71,558,920**	**$ 66,075,216**	8.30%

As shown in the table above, the Department experienced an increase of $5,807,504 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 $5,649,516 (3.63%). This increase is primarily due to:

- a net increase in Investments and Cash of ($3.0M). This increase is primarily due to an increase in tax revenue and investment earnings;
- an increase in Pension asset ($1.5M) is due to changes in actuarial assumptions;
- an increase in Construction in Progress ($1.3M) is due to ongoing building renovations

Total liabilities and deferred inflows of resources decreased by $157,988 (0.18%). This decrease is primarily due to:

- an increase in Accounts Payable ($629K);
- an increase in Accrued Leave ($184K);
- an increase in Accrued Payroll and Related Costs ($325K)
- a decrease in long-term debt (lease and SBITAs) of (-$328K)
- a decrease in Net Pension Obligation (-$1.4M); and
- an increase in pension-related and OPEB Deferred Inflow of Resources ($456K) due to changes in actuarial assumptions

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The Statement of Activities (page 7) presents information showing how the Department's net position changed during the fiscal year.

Government-wide Statement of Activities

	Expenses		Program Revenues		Net (Expense) Revenue	
	2024	2023	2024	2023	2024	2023
Program Activities						
General government administration	$ 22,251,812	$ 23,541,990	$ 312,702	$ 312,702	$ (21,939,110)	$ (23,229,288)
Health statistics and vital records	586,973	527,290	2,050,732	437,722	1,463,759	(89,568)
Environmental health	9,181,486	9,408,107	5,732,864	6,746,247	(3,448,622)	(2,661,860)
Disease control	6,001,995	9,591,827	4,631,137	4,020,898	(1,370,858)	(5,570,929)
Dental health	2,097,171	1,909,070	807,375	1,006,746	(1,289,796)	(902,324)
Emergency preparedness and response	778,589	715,858	560,008	657,937	(218,581)	(57,921)
Clinical primary and support service	26,490,701	23,878,557	16,147,100	17,835,141	(10,343,601)	(6,043,416)
Interest	31,303	7,187	-	-	(31,303)	(7,187)
Total Program Activities	$ 67,420,030	$ 69,579,886	$ 30,241,918	$ 31,017,393	$ (37,178,112)	$ (38,562,493)
				General revenues:		
				Shared revenues	$ 38,285,410	$ 37,832,561
				Miscellaneous revenues	4,376,406	2,795,279
				Total general revenues	42,661,816	40,627,840
				Change in net position	**5,483,704**	**2,065,347**
				Net position at beginning of year	66,075,216	64,009,869
				Net position at end of year	**$ 71,558,920**	**$ 66,075,216**

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 $30 million decreased by approximately $775K or by 3%.

Total General Revenues of $42.9 million increased by $2.4M and reflects an increase in tax revenue ($776K) in the fiscal year 2024 as compared to the fiscal year 2023. Investment earnings and the adjustment to market value were up significantly from the prior year due to favorable interest rates on investments.

Total Expenses of $67.4M reflected a decrease of $2.1M (3%) from the previous fiscal year.

Fund Financial Statements

The Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (page 10) 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 9 and 11.

Capital expenditures of $3.6M were necessary during fiscal year 2024. The capital expenditures were primarily for renovation of the Department's Annex facility.

General Fund comparison of Actual to Budgeted results (page 51)
The budgeted excess of expenditures over revenues for the fiscal period was not realized. Revenues were higher than those budgeted by $8.5M due to favorable budget variances for tax revenue ($1.1M), and other revenue ($2.2M) and unfavorable variances in third-party reimbursement (-$2.7M).

Expenditures were $9.5M lower than those budgeted. Budget transfers to the Capital Fund were completed to cover the future capital outlay.

<u>Economic Factors and Fiscal 2024 General Fund Budget</u>

The proposed General Fund budget totals $62,395,213. This is a decrease of $244,243 (0.4%) from the Fiscal Year 2023 budget.

<u>Revenue Highlights</u>

The budget includes $8,800,000 of ad valorem tax revenue, a 2% decrease from Fiscal Year 2023. 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 $28,000,000, a 3% increase from Fiscal Year 2023.

Net Intergovernmental Revenue of $2,062,692 is less than a 1% increase compared to the prior year's budget. Revenues for Service Charges (charges for services provided by the Department) in Fiscal Year 2024 are budgeted to be $14,843,557. Clinical services revenue is budgeted higher (22%) due to a projected increase in patient encounters as compared to the prior fiscal year.

The $3,793,234 budgeted for Other Revenue/Non-Operating Revenue is 55% higher than the prior year's budget. This is due to projected increased investment earnings related to higher interest rates.

An allocation of $2,795,730 is expected from the Department's General Fund balance.

<u>Expenditure Highlights</u>
Personnel costs of $38,911,330 are higher than those budgeted for Fiscal Year 2023 and include a proposed 4% Cost-of-Living-Adjustment. Salaries are 73% of the personnel cost budget, with employee and retiree benefits representing 25% and 2%, respectively.

Contractual Services of $9,259,924 are lower by approximately $3.2 million than those budgeted in 2023. This is due to contracts with third-party entities to perform work on violence reduction and health equity initiatives in the prior fiscal year. Materials and Supplies costs are projected to be $13,023,959, a 16% increase from Fiscal Year 2023. This increase is primarily due to projected increased costs for utilities, medication, and laboratory fees.

The Capital Expenditure/Transfer budget of $1,200,000 for capital asset replacement transfer remains unchanged from Fiscal Year 2023.

Capital Projects Fund
Expenditures of approximately $5.3 million are planned for Fiscal Year 2024. These include funds for repairs and improvements to each of the three JCDH buildings, the replacement of obsolete vehicles, and the replacement of some IT infrastructure.

Special Revenue Funds
In addition to the General Fund Budget, the Department has seventeen active Special Revenue Funds expected to total approximately $33.5 million. 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 2024 total $101,293,112.

Notes to the Financial Statements
The notes provide additional information essential to fully understanding 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 15 through 50.

Other Information
Required supplementary information can be found on page 51 of this report.

Also included in the report are the Uniform Guidance Single Audit auditor reports, findings, and schedules, including the Uniform Guidance 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.

FINANCIAL STATEMENTS

September 30, 2024		Governmental Activities
Assets		
Current assets		
Cash and cash equivalents	$	16,274,080
Investments		63,164,627
Receivables (net of allowance for doubtful accounts)		10,096,557
Inventories		339,438
Prepaid items		567,820
Total current assets		90,442,522
Noncurrent assets		
Net pension asset		8,035,643
Net OPEB asset		2,452,102
Land		3,389,034
Construction in progress		6,110,660
Buildings and equipment		71,438,219
Right of use lease and subscription assets		1,496,640
Accumulated depreciation		(36,994,367)
Total noncurrent assets		55,927,931
Total assets		146,370,453
Deferred Outflows of Resources		
Employer contributions subsequent to measurement date - pension		4,939,528
Changes of assumptions - pension		1,666,035
Differences between expected and actual experience - pension		1,770,044
Differences between projected and actual earnings on plan investments - pension		4,726,877
Differences between projected and actual earnings on plan investments - OPEB		671,209
Differences between expected and actual experience - OPEB		924,975
Total deferred outflows of resources		14,698,668
Total assets and deferred outflows of resources	$	161,069,121

(Continued)

September 30, 2024		Governmental Activities
Liabilities		
Current liabilities		
Accounts payable	$	3,641,777
Accrued payroll and related costs		1,414,892
Current maturities of long-term debt - leases and subscriptions		412,345
Compensated absences		1,169,867
Total current liabilities		6,638,881
Noncurrent liabilities		
Compensated absences		6,085,236
Long-term debt- leases and subscriptions		193,764
Net pension liability		74,622,115
Total noncurrent liabilities		80,901,115
Total liabilities		87,539,996
Deferred Inflows of Resources		
Differences between expected and actual experience - pension		30,621
Differences between expected and actual experience - OPEB		708,686
Differences between projected and actual earnings on plan investments - OPEB		1,230,898
Total deferred inflows of resources		1,970,205
Net Position		
Net investment in capital assets		44,068,652
Restricted - net pension and net OPEB assets		10,487,745
Restricted - public health		7,597,946
Unrestricted		9,404,577
Total net position	$	71,558,920

For the year ended September 30, 2024

Program Activities	Expenses	Program Revenues: Fees, Fine and Charges for Services	Program Revenues: Operating Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Total
Governmental Activities				
General government administration	$ 22,251,812	$ -	$ 312,702	$ (21,939,110)
Health statistics and vital records	586,973	2,050,732	-	1,463,759
Environmental health	9,181,486	3,923,948	1,808,916	(3,448,622)
Disease control	6,001,995	-	4,631,137	(1,370,858)
Dental health	2,097,171	807,375	-	(1,289,796)
Emergency preparedness and response	778,589	-	560,008	(218,581)
Clinical primary and support service	26,490,701	9,709,633	6,437,467	(10,343,601)
Interest	31,303	-	-	(31,303)
Total government activities	$ 67,420,030	$ 16,491,688	$ 13,750,230	(37,178,112)
General Revenues				
Shared governmental revenues				38,285,410
Gain on disposal of capital assets				3,850
Miscellaneous revenues				4,372,556
Total general revenues				42,661,816
Change in net position				5,483,704
Net position at beginning of year				66,075,216
Net position at end of year				$ 71,558,920

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

September 30, 2024

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 16,274,080	$ -	$ -	$ 16,274,080
Investments	63,164,627	-	-	63,164,627
Receivables, net of allowance for doubtful accounts	7,680,943	-	2,415,614	10,096,557
Interfund receivables	2,565,567	15,914,015	12,642,241	31,121,823
Inventories	339,438	-	-	339,438
Prepaid items	567,820	-	-	567,820
Total assets	$ 90,592,475	$ 15,914,015	$ 15,057,855	$ 121,564,345
Liabilities				
Accounts payable	$ 3,536,601	$ 3,066	$ 102,110	$ 3,641,777
Accrued payroll and related costs	1,414,892	-	-	1,414,892
Interfund payables	28,556,256	-	2,565,567	31,121,823
Total liabilities	33,507,749	3,066	2,667,677	36,178,492
Fund Balance				
Nonspendable				
Inventory and prepaids	907,258	-	-	907,258
Restricted for:				
Air pollution requirements	-	-	3,005,654	3,005,654
Immunization requirements	-	-	5,531	5,531
Storm water requirements	-	-	1,805,860	1,805,860
Opioid settlement	-	-	2,431,838	2,431,838
Bluestone agreement	-	-	349,063	349,063
Committed to:				
Capital projects	-	15,910,949	-	15,910,949
Disaster recovery	1,000,000	-	-	1,000,000
Public health community projects	-	-	5,000,000	5,000,000
Compensated absence obligations	7,128,736	-	-	7,128,736
General liability obligations	3,973,913	-	-	3,973,913
On the job injury obligations	1,000,000	-	-	1,000,000
Patient/client assistance	41,475	-	-	41,475
Freshwater Land Trust	2,095,734	-	-	2,095,734
Sustainable Industrial-Residential Buffer	2,385,417	-	-	2,385,417
Assigned to:				
General government	124,317	-	-	124,317
Subsequent year's budget	4,895,730	-	-	4,895,730
Unassigned (deficit)	33,532,146	-	(207,768)	33,324,378
Total fund balances	57,084,726	15,910,949	12,390,178	85,385,853
Total liabilities and fund balances	$ 90,592,475	$ 15,914,015	$ 15,057,855	$ 121,564,345

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, 2024

Fund balance - total governmental funds	$	85,385,853
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.		45,440,186
Net OPEB assets are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		2,452,102
Net pension assets are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		8,035,643
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		
Compensated absences		(7,255,103)
Net pension liability		(74,622,115)
Long-term debt - leases and subscriptions		(606,109)
Deferred outflow related to pensions		13,102,484
Deferred outflow related to OPEB		1,596,184
Deferred inflow related to pensions		(30,621)
Deferred inflow related to OPEB		(1,939,584)
Net position of governmental activities	$	71,558,920

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, 2024

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenues				
Tax revenues				
Sales tax revenues	$ 28,347,678	$ -	$ -	$ 28,347,678
Advalorem tax revenues	9,937,732	-	-	9,937,732
Total tax revenues	38,285,410	-	-	38,285,410
Fees for services	4,741,424	-	1,584,068	6,325,492
Third-party reimbursement	7,961,613	-	-	7,961,613
Intergovernmental revenues:				
Federal grants and special contracts	1,484,441	-	10,310,912	11,795,353
State grants and other government revenues	1,291,493	-	663,383	1,954,876
Other revenues	6,043,468	-	537,522	6,580,990
Total revenues	59,807,849	-	13,095,885	72,903,734
Expenditures				
Current				
General government administration	14,408,699	-	1,309,361	15,718,060
Health statistics and vital records	585,174	-	-	585,174
Environmental health	6,481,262	-	2,469,307	8,950,569
Disease control	3,692,664	-	2,201,501	5,894,165
Dental health	2,086,479	-	-	2,086,479
Clinical primary and support service	21,589,287	-	4,087,323	25,676,610
Emergency preparedness and response	75,162	-	663,784	738,946
Other expenditures	2,006,151	-	-	2,006,151
Debt service- principal	496,462	-	-	496,462
Debt service- interest	31,303	-	-	31,303
Capital outlay	168,825	1,774,869	1,629,948	3,573,642
Total expenditures	51,621,468	1,774,869	12,361,224	65,757,561
Excess revenues (expenditures)	8,186,381	(1,774,869)	734,661	7,146,173
Other Financing Sources (Uses)				
Proceeds from issuance of debt	168,825	-	-	168,825
Other sources - transfers in	-	1,200,000	-	1,200,000
Other uses - transfers out	(1,200,000)	-	-	(1,200,000)
Other financing sources (uses), net	(1,031,175)	1,200,000	-	168,825
Net change in fund balances	7,155,206	(574,869)	734,661	7,314,998
Fund balances at beginning of year	49,929,520	16,485,818	11,655,517	78,070,855
Fund balances at end of year	$ 57,084,726	$ 15,910,949	$ 12,390,178	$ 85,385,853

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, 2024

Net change in fund balances - total governmental funds		$ 7,314,998
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the government-wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense		
Capital outlay	$ 3,573,642	
Amortization and depreciation expense	(2,450,455)	1,123,187
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities		496,462
Proceeds from the issuance of debt are reported as financing sources in governmental funds and, thus, contribute to the change in fund balance. Issuing long-term debt increases liabilities in the Statement of Net Position, but does not affect the Statement of Activities		(168,825)
Some items reported in the Statement of Activities do not affect current financial resources and, therefore, are not reported as expenditures in governmental funds		
Change in accrued leave	(183,850)	
Difference in pension expense related to deferred outflows and inflows of resources and net pension liability	(3,711,199)	
Difference in OPEB expense related to deferred outflows and inflows of resources and net OPEB liability	612,931	(3,282,118)
Change in net position of governmental activities		$ 5,483,704

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

September 30, 2024

		OPEB Trust Fund
Assets		
Cash and cash equivalents	$	98,735
Investments		7,799,333
Total assets		7,898,068
Net position restricted for other postemployment benefits	$	7,898,068

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, 2024		OPEB Trust Fund
Additions		
Contributions		
Employer	$	589,593
Investment activity		
Gains (losses) on investments and investment income		1,575,528
Less investment expense		(17,684)
Total investment activity		1,557,844
Total additions		2,147,437
Deductions		
Benefit payments		
Employer		589,593
Total deductions		589,593
Net increase in net position		1,557,844
Net position restricted for other postemployment benefits at beginning of year		6,340,224
Net position restricted for other postemployment benefits at end of year	$	7,898,068

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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. The more significant accounting policies used by the Department are described below.

Basis of Presentation

<u>Government-wide Financial Statements</u>
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, 2024, 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.

<u>Fund Financial Statements</u>
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 balance, revenues, and expenditure/expenses.

A fund is considered major if it is the General Fund of the reporting entity or meets the following criteria:

a) 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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

<u>*Fund Financial Statements (Continued)*</u>

b) 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:

<u>*Governmental Fund Types*</u>

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 Department reports the following major governmental funds:

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.

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.

The Department reports the following governmental fund types in the “Nonmajor Funds” column:

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.

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.

Note 1: 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.

Note 1: 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, 2024 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions (Continued)

See Note 10 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.

Right of use lease assets are recognized at the lease commencement date and represent the Department’s right to use the underlying asset for the lease term. Right of use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right of use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is 5 years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Right of use subscription IT assets are recognized at the subscription commencement date and represent the Department's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalized initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 1-3 years.

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.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities.

Lease liabilities represent the Department's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the Department.

Subscription liabilities represent the Department's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the Department.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications

Government-wide Financial Statements
Equity is classified as net position and displayed in three components:

- 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, other borrowings, or accounts payable that are attributable to the acquisition, construction, or improvement of those assets.
- 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.
- Unrestricted net position: All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial 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 Nonmajor 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 $15,910,949 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 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 Nonmajor Funds 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 $7,128,736 of General Fund balance to fund this future amount.

The Board has committed $3,973,913 of General 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 balance for funding a trust for potential on-the-job-injury claims.

The Board has committed $41,475 of General Fund balance for various patient and client assistance.

The Board has committed $2,095,734 of General Fund balance for funding of the Freshwater Land Trust, to provide funding for public health and environmental protection infrastructure projects.

The Board has committed $2,385,417 of General 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.

Note 1: 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 Annual Comprehensive 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 Annual Comprehensive 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 or asset, 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

GASB Statement No. 100, Accounting Changes and Error Corrections. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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

GASB Statement No. 101, Compensated Absences, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, Certain Risk Disclosures, the objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, Financial Reporting Model Improvements, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

GASB Statement No 104, Disclosure of Certain Capital Assets, the objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

Subsequent Events

The Department has evaluated subsequent events through the date the financial statements were available to be issued, June 30, 2025, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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	$16,274,080	$16,256,144
OPEB Trust Fund	$98,735	$98,735

At September 30, 2024, 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.

Note 2: CASH AND INVESTMENTS (Continued)

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.

The following schedule of investments displays the fair value of assets held in the General Fund as of September 30, 2024, as well as the valuation approaches and inputs used in determining fair value:

Professional and General Liability Reserve Investments			Fair Value Measurements		
Investment type	Fair Value	Duration	Level 1	Level 2	Level 3
U.S. Treasury Notes	$ 10,533,369	1.46	$ 10,533,369	$ -	$ -
Net investments	10,533,369		10,533,369	-	-
Accrued interest income	79,763		79,763	-	-
Total portfolio	10,613,132		10,613,132	-	-

Other General Fund Investments			Fair Value Measurements		
Investment type	Fair Value	Duration	Level 1	Level 2	Level 3
U.S. Treasury Notes/Bonds	23,593,193	1.67	23,593,193	-	-
Net investments	23,593,193		23,593,193	-	-
Accrued interest income	306,939		306,939	-	-
Total portfolio	23,900,132		23,900,132	-	-
Certificates of deposit	492,312	0.97	-	492,312	-
U.S. Treasury Notes	28,159,051	0.97	28,159,051	-	-
Total portfolio	28,651,363		28,159,051	492,312	-
Total portfolios	$ 63,164,627		$ 62,672,315	$ 492,312	$ -

Note 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

The following schedule of investments displays the fair value of assets held in the Fiduciary Fund as of September 30, 2024, as well as the valuation approaches and inputs used in determining fair value:

		Fair Value Measurements		
Investment type	Fair Value	Level 1	Level 2	Level 3
Equities	$ 5,300,054	$ 5,300,054	$ -	$ -
U.S. Government Bonds	530,421	530,421	-	-
Mortgage Backed Securities	587,972	-	587,972	-
U.S. Credit	936,838	-	936,838	-
Taxable Domestic FI Funds	428,486	428,486	-	-
Net investments	7,783,771	6,258,961	1,524,810	-
Accrued interest income	15,562	15,562	-	-
Total portfolio	$ 7,799,333	$ 6,274,523	$ 1,524,810	$ -

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 totaling $492,312 are secured by federal depository insurance or the SAFE Program.

Note 3: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Increase/ Reclassifications	Retirement/ Reclassifications	Ending Balance
Governmental Activities				
Land	$ 3,389,034	$ -	$ -	$ 3,389,034
Construction progress	4,796,629	1,314,031	-	6,110,660
Total capital assets not being depreciated	8,185,663	1,314,031	-	9,499,694
Capital assets being depreciated				
Buildings	58,465,484	1,245,381		59,710,865
Equipment	11,110,855	845,406	(228,907)	11,727,354
Right of use equipment lease	211,399	-	-	211,399
Right of use subscription assets	1,213,245	168,824	(96,828)	1,285,241
Total capital assets being depreciated/amortized	71,000,983	2,259,611	(325,735)	72,934,859
Less accumulated depreciation/amortization for:				
Buildings	(25,248,474)	(1,195,479)		(26,443,953)
Equipment	(9,192,685)	(755,849)	228,907	(9,719,627)
Right of use equipment lease	(10,570)	(42,280)	-	(52,850)
Right of use subscription assets	(417,918)	(456,847)	96,828	(777,937)
Total accumulated depreciation and amortization	(34,869,647)	(2,450,455)	325,735	(36,994,367)
Total capital assets being depreciated/amortized, net	36,131,336	(190,844)	-	35,940,492
Governmental activities capital assets, net	$ 44,316,999	$ 1,123,187	$ -	$ 45,440,186

Amortization and depreciation expense were charged to programs of the primary government as follows:

Governmental Activities	
General government administration	$ 1,380,546
Environmental health	203,400
Disease control	89,709
Dental health	4,277
Emergency preparedness and response	37,371
Clinical primary and support service	735,152
Total depreciation and amortization expense	$ 2,450,455

Note 4: 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 plan that acts as a common investment and administrative agent for the various state agencies and departments.

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control, which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control, effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

The ERS Board of Control consists of 15 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. Eight 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. One vested active employee of participating municipality or city in ERS pursuant to *Code of Alabama 1975, Section 36-27-6*.
    d. One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6.*
    e. One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    f. One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6.*

Note 4: PENSION PLANS (Continued)

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)

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.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. 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 up to 80% of their average final compensation.

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 equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier I retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees. A total of 618 employers adopted Act 2019-132 as of September 30, 2023.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

Note 4: PENSION PLANS (Continued)

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)

The ERS serves approximately 884 local participating employers. The ERS membership includes approximately 113,079 participants. At September 30, 2023, membership consisted of:

	ERS	JCDH
Retirees and beneficiaries currently receiving benefits	31,481	508
Terminated employees entitled to, but not yet receiving benefits	2,350	24
Terminated employees not entitled to a benefit	20,556	51
Active members	58,659	405
Post-DROP participants who are still in active service	33	-
Total	113,079	988

Contributions

Tier I 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.

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

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute.

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, 2024, the Department's active contribution rate was 14.77% of covered employee payroll and the Department's average contribution rate to fund the normal and accrued liability costs was 15.10% of pensionable payroll.

Note 4: PENSION PLANS (Continued)

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)

Contributions (Continued)

The Department's contractually required contribution rate for the year ended September 30, 2024 was 17.09% of pensionable pay for Tier 1 employees and 14.75% of pensionable pay for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2020, 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 $4,939,528 for the year ended September 30, 2024.

Net Pension Liability

The Department's net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2022 rolled forward to September 30, 2023 using standard roll-forward techniques as shown in the following table:

Total Pension Liability Roll Forward

		Expected	Actual Before Plan Changes	Actual After Plan Changes
(a)	**Total Pension Liability** as of September 30, 2022	$ 178,574,755	$ 180,734,517	$ 180,734,517
(b)	**Discount Rate**	7.45%	7.45%	7.45%
(c)	**Entry Age Normal Cost** for October 1, 2022 – September 30, 2023	2,344,439	2,344,439	2,344,439
(d)	**Transfers Among Employers**	-	266,699	266,699
(e)	**Actual Benefit Payment and Refunds** for October 1, 2022 – September 30, 2023	(15,063,921)	(15,063,921)	(15,063,921)
(f)	**Total Pension Liability** as of September 30, 2023 [(a) x (1+(b))] + (c) + (d) + [(e) x (1+.5*(b))]	$ 178,597,961	$ 181,185,324	$ 181,185,324
(g)	**Difference between Expected and Actual:**		2,587,363	
(h)	**Less Liability Transferred for Immediate Recognition**		266,699	
(i)	**Difference between Expected and Actual - Experience (Gain)/Loss**		2,320,664	
(j)	**Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain/Loss)**			$ -

Note 4: PENSION PLANS (Continued)

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)

Actuarial Assumptions

The total pension liability as of September 30, 2023 actuarial valuation was determined based on the annual actuarial funding valuation report prepared as of September 30, 2022. The key actuarial assumptions are summarized below:

Inflation	2.50%
Salary increases	3.25%-6.00%
Investment rate of return	7.45%*

*Net of pension plan investment expense, including inflation

Mortality rates were based on Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None

The actuarial assumptions used in the September 30, 2021 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

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.

Note 4: PENSION PLANS (Continued)

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)

Actuarial Assumptions (Continued)

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*
Fixed Income	15.00%	2.80%
U. S. Large Stocks	32.00%	8.00%
U. S. Mid Stocks	9.00%	10.00%
U. S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash	5.00%	1.50%
Total	**100.00%**	

* Includes assumed rate of Inflation of 2.00%.

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. 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.

Note 4: PENSION PLANS (Continued)

EMPLOYEES' RETIREMENT SYSTEM OF ALABAMA (Continued)

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at September 30, 2022	$ 178,574,755	$ 102,528,621	$ 76,046,134
Changes for the year			
Service cost	2,344,439	-	2,344,439
Interest	12,742,688	-	12,742,688
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	2,320,664	-	2,320,664
Contributions – employer	-	4,421,547	(4,421,547)
Contributions – employee	-	1,664,989	(1,664,989)
Net investment income	-	12,745,274	(12,745,274)
Benefit payments, including refunds of employee contributions	(15,063,921)	(15,063,921)	-
Administrative expense	-	-	-
Transfers among employers	266,699	266,699	-
Net changes	2,610,569	4,034,588	(1,424,019)
Balances at September 30, 2023	$ 181,185,324	$ 106,563,209	$ 74,622,115

Note 4: 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 7.45%, 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 (6.45%) or 1-percentage-point higher (8.45%) than the current rate:

	1% Decrease (6.45%)	Current Discount (7.45%)	1% Increase (8.45%)
Plan's net pension liability	$ 92,268,272	$ 74,622,115	$ 59,566,540

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, 2023. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2023. The auditor's report 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.

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

For the year ended September 30, 2024, the Department recognized pension expense of $5,238,011. At September 30, 2024, 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	$ 1,770,044	$ 30,621
Changes of assumptions	1,666,035	-
Net difference between projected and actual earnings on plan investments	4,726,877	-
Employer contributions subsequent to the Measurement Date	4,939,528	-
Total	$ 13,102,484	$ 30,621

Note 4: PENSION PLANS (Continued)

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

$4,939,528 reported as deferred outflows of resources related to pensions resulting from Department's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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,	
2025	$ 3,199,691
2026	1,629,619
2027	4,389,298
2028	(1,086,273)
2029	-
Thereafter	-
Total	$ 8,132,335

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, 2023, membership consisted of:

Note 4: PENSION PLANS (Continued)

CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM (Continued)

Benefits Provided (Continued)

Membership as of the valuation date June 30, 2024	
Active employees	2
Retired participants and beneficiaries currently receiving benefits	36
Total	38

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, 2024 and 2023, the Department contributed 100% of the required contributions. The Department contributed $5,443 and $4,548 for fiscal years 2024 and 2023, respectively.

Net Pension Liability (Asset)

The Department's net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2023, rolled forward to June 30, 2024 using standard roll-forward techniques as shown in the following table:

Total Pension Liability Roll Forward	
Total Pension Liability as of June 30, 2023	$ 10,038,366
Service cost	6,958
Interest	693,416
Differences between expected and actual experience	(548,348)
Benefit payments and refunds	(961,941)
Net changes	(809,915)
Total Pension Liability as of June 30, 2024	$ 9,228,451

Note 4: PENSION PLANS (Continued)

CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM (Continued)

Actuarial Assumptions

The actuarial assumptions, applied to all periods included in the measurement, with the results rolled forward to June 30, 2024 are as follows:

Inflation	2.25%
Salary increases	2.25% plus age-related salary scale
Net Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Mortality	
Pre-retirement	Sex-distinct Pri-2012 Employee Amount-weighted Mortality Table, with rates multiplied by 70%
Healthy	Sex-distinct Pri-2012 Healthly Retiree Amount-weighted Mortality Table, with rates multiplied by 110%
Disabled	Sex-distinct Pri-2012 Disabled Retiree Amount-weighted Mortality Table, set back 2 years for males and set forward 2 years for females
Future Improvement	Generational projection using MP-2021 improvement scale

The long-term expected rate of return on pension plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These returns 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. The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Large cap domestic equity	31%	5.60%
Small and mid-cap domestic equity	10%	6.10%
International equity	20%	4.90%
Core fixed income	16%	1.30%
Short-term high yield fixed income	5%	3.00%
Private equity	15%	9.60%
Cash	2%	0.60%
Real estate	1%	3.60%
Total	100%	

Note 4: PENSION PLANS (Continued)

CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM (Continued)

Discount Rate

The discount rate used to measure the total pension liability is 7.25% as of June 30, 2024. 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 as of June 30, 2024.

Total pension liability	$ 9,228,451
Plan fiduciary net position	17,264,094
The Plan's net pension liability (asset)	(8,035,643)
Plan fiduciary net position as a percentage of total pension liability	187.07%

Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at June 30, 2023	$ 10,038,366	$ 16,547,197	$ (6,508,831)
Changes for the year			
Service cost	6,958	-	6,958
Interest	693,416	-	693,416
Changes in assumptions	-	-	-
Difference between expected and actual experience	(548,348)	-	(548,348)
Contributions – employer	-	5,443	(5,443)
Contributions – employee	-	9,363	(9,363)
Net investment income	-	1,664,032	(1,664,032)
Benefit payments, including refunds of employee contributions	(961,941)	(961,941)	-
Administrative expense	-	-	-
Transfers among employers	-	-	-
Net changes	(809,915)	716,897	(1,526,812)
Balances at June 30, 2024	$ 9,228,451	$ 17,264,094	$ (8,035,643)

Note 4: PENSION PLANS (Continued)

CITY OF BIRMINGHAM RETIREMENT AND RELIEF SYSTEM (Continued)

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

The following table presents the net pension asset of the Department as of June 30, 2024, calculated using the discount rate of 7.25%, 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 (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Plan's net pension liability (asset)	$ (7,330,587)	$ (8,035,643)	$ (8,651,928)

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 to 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, 2024, 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 5: SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended September 30, 2024, was as follows:

	Balance at Sept. 30, 2023	Additions	Reductions	Balance at Sept. 30, 2024	Due Within one year
Leases payable	$ 201,053	$ -	$ (40,079)	$ 160,974	$ 41,246
Subscription IT agreements	732,693	168,825	(456,383)	445,135	371,099
Compensated absences	7,071,253	183,850	-	7,255,103	1,169,867
Total	$ 8,004,999	$ 352,675	$ (496,462)	$ 7,861,212	$ 1,582,212

Leases Payable

Leases payable consists of long-term leases as described in Note 6. Leases payable are liquidated by the General Fund.

Subscription IT Agreements

Subscription IT agreements consists of long-term software contracts as described in Note 7. Subscriptions payable are liquidated by the General Fund and the Health Disparity Fund

Note 6: LEASES PAYABLE

The Department has entered into a lease agreement for office equipment. The Department is required to make principal and interest payments through June 2028. The lease agreement has an interest rate of 2.8760%, which was determined to be the Department's incremental borrowing rate at the inception of the lease.

The future principal and interest lease payments as of September 30, 2024 are as follows:

For the years ending September 30,	Interest	Principal	Total Payment
2025	$ 4,089	$ 41,246	$ 45,335
2026	2,887	42,448	45,335
2027	1,650	43,685	45,335
2028	403	33,595	33,998
Total	$ 9,029	$ 160,974	$ 170,003

Note 7: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The Department has entered into SBITA contracts for various operating software. The Department is required to make principal and interest payments through 2027. The SBITA contracts have interest rates ranging from of 2.5033% to 3.3467%, which were determined to be the Department’s incremental borrowing rate at the inception of each SBITA contract.

The future principal and interest lease payments as of September 30, 2024 are as follows:

For the years ending September 30,	Interest	Principal	Payment
2025	$ 13,290	$ 371,099	$ 384,389
2026	1,640	51,905	53,545
2027	180	22,131	22,311
Total	$ 15,110	$ 445,135	$ 460,245

Note 8: CONTINGENCIES

Litigation

As of September 30, 2024, 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.

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 9: RECEIVABLES

Accounts receivable at September 30, 2024 consists of the following:

	General Fund	Nonmajor Funds	Total
Due from other governments	$ 5,989,166	$ 2,415,614	$ 8,404,780
Client patient billings	2,122,797	-	2,122,797
Other – Environmental Health, etc.	754,934	-	754,934
Total receivables	8,866,897	2,415,614	11,282,511
Allowance for doubtful accounts	(1,185,954)	-	(1,185,954)
Receivables – net	$ 7,680,943	$ 2,415,614	$ 10,096,557

Note 10: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2024 is as follows:

Receivable Fund	Payable Fund	Amount
Capital Projects Fund	General Fund	$ 15,914,015
Nonmajor Funds	General Fund	12,642,241
General Fund	Nonmajor Funds	2,565,567
Total		$ 31,121,823

The purpose of the interfund receivable balance to the General Fund from Nonmajor Funds is for reimbursement of operating expenditures paid from the General Fund on behalf of Nonmajor 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 Funds and the General Fund are for reimbursement of operating expenditures between these funds.

Transfers for the year ended September 30, 2024 consisted of the following:

Transfer To	Transfer From	Amount
Capital Projects Fund	General Fund	$ 1,200,000
Total		$ 1,200,000

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

Note 11: 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, 2024, the Plan's membership consisted of 442 active employees and 37 retirees.

Benefits Provided

Medical benefits are provided to employees upon actual retirement.

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 "Tier 1" 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.

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.

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

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, 2024:

Asset Class	Target Allocation
Equity	67%
Fixed Income	32%
Cash	1%

Concentrations

The Plan did not have any assets within 5% or greater amount of concentration at September 30, 2024.

Rate of Return

For the year ended September 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 24.57%. 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, 2024, were as follows:

Total OPEB liability	$	5,445,966
Plan fiduciary net position		7,898,068
Net OPEB liability (asset)	$	(2,452,102)
Plan fiduciary net position as a percentage of the total OPEB liability		145.03%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2023, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% annually
Salary increases	4.00% annually
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

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

Actuarial Assumptions (Continued)

The Employee/Healthy Annuitant RP-2000 table has been used. No allowance has been included for future mortality improvement since it has been determined that this table has more than sufficient additional conservative margin for the population involved.

The actuarial assumptions used in the October 1, 2023 valuation were based on the results of ongoing evaluations from October 1, 2006 to September 30, 2024 in addition to the OGB assumptions.

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, 2024 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.

Note 11: 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, 2023	$ 5,908,608	$ 6,340,223	$ (431,615)
Service cost	54,299	-	54,299
Interest cost at 7.00%	392,967	-	392,967
Difference between expected and actual experience	(320,315)	-	(320,315)
Employer contributions trust	-	-	-
Net investment income	-	1,575,529	(1,575,529)
Changes in assumptions	-	-	-
Benefit payments			
a. From trust	-	-	-
b. Direct	(589,593)	-	(589,593)
Administrative expense			
a. From trust	-	(17,684)	17,684
b. Direct	-	-	-
Net changes	(462,642)	1,557,845	(2,020,487)
Balance at September 30, 2024	$ 5,445,966	$ 7,898,068	$ (2,452,102)

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% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	$ (1,490,237)	$ (2,452,102)	$ (3,254,904)

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

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

The following represents the net OPEB liability of the Department, as well as what the Department's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.0%) or 1-percentage-point higher (5.0%) than the current healthcare trend rates:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net OPEB Liability (Asset)	$ (3,273,786)	$ (2,452,102)	$ (1,472,564)

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

For the year ended September 30, 2024, the Department recognized OPEB expense of $203,214. At September 30, 2024, 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
Differences between projected and actual earnings on plan investments	$ 671,209	$ 1,230,898
Differences between expected and actual experience	924,975	708,686
Total	$ 1,596,184	$ 1,939,584

Note 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

For the years ending September 30,		Net Amount to be Recognized
2025	$	8,459
2026		(107,130)
2027		225,825
2028		211,337
2029		(70,601)
Thereafter		75,510
Total	$	343,400

Note 12: ECONOMIC DEPENDENCY

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.

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, 2024

	Budgeted Amounts Original and Final	Actual	Variance
Revenue			
Tax revenues			
Sales tax revenues	$ 28,000,000	$ 28,347,678	$ 347,678
Advalorem tax revenues	8,800,000	9,937,732	1,137,732
Fees for services	4,195,973	4,741,424	545,451
Third-party reimbursement	10,647,584	7,961,613	(2,685,971)
Intergovernmental revenues			
Federal grants and special contracts	917,218	1,484,441	567,223
State grants and other governmental revenues	1,145,474	1,291,493	146,019
Other revenues	3,793,234	6,043,468	2,250,234
Total revenues	57,499,483	59,807,849	2,308,366
Expenditures			
Current (operating)			
General government administration	17,306,296	14,408,699	2,897,597
Health statistics and vital records	571,517	585,174	(13,657)
Environmental health	7,043,921	6,481,262	562,659
Disease control	3,678,959	3,692,664	(13,705)
Dental health	2,488,107	2,086,479	401,628
Clinical primary and support service	29,253,437	21,589,287	7,664,150
Emergency preparedness and response	227,632	75,162	152,470
Other expenditures	625,344	2,006,151	(1,380,807)
Debt service- principal	-	496,462	(496,462)
Debt service- interest	-	31,303	(31,303)
Capital outlay	-	168,825	(168,825)
Total expenditures	61,195,213	51,621,468	9,573,745
Excess revenues (expenditures)	(3,695,730)	8,186,381	11,882,111
Other Financing Sources (Uses)			
Proceeds from issuance of debt	-	168,825	168,825
Other sources - transfers in	4,895,730	-	(4,895,730)
Other uses - transfers out	(1,200,000)	(1,200,000)	-
Other financing sources (uses), net	3,695,730	(1,031,175)	(4,726,905)
Net change in fund balance	$ -	$ 7,155,206	$ 7,155,206

Jefferson County Department of Health
Schedule of Changes in Net Pension Liability
(As of Measurement Date)

Employees' Retirement System of Alabama

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	**$ 2,344,439**	$ 2,377,430	$ 2,238,366	$ 2,122,599	$ 2,110,895	$ 2,043,773	$ 2,067,101	$ 2,125,909	$ 2,084,496	$ 2,117,297
Interest	**12,742,688**	12,685,735	12,613,039	12,691,193	12,568,864	12,625,203	12,453,562	12,395,840	12,294,221	12,155,638
Changes in benefit terms	**-**	215,926	-	-	-	-	-	-	-	-
Differences between expected and actual experience	**2,320,664**	(59,783)	155,473	(2,085,190)	179,971	(2,013,937)	840,395	(279,001)	(362,655)	-
Changes of assumptions	**-**	-	5,831,121	-	-	753,824	-	4,334,855	-	-
Benefit payments, including refunds of employee contributions	**(15,063,921)**	(14,452,082)	(14,065,249)	(13,480,144)	(13,082,597)	(13,321,335)	(12,920,100)	(12,769,910)	(12,721,731)	(12,359,564)
Transfers among employers	**266,699**	303,160	(106,703)	29,104	10,324	119,258	(25,608)	10,519	-	-
Net change in total pension liability	**2,610,569**	1,070,386	6,666,047	(722,438)	1,787,457	206,786	2,415,350	5,818,212	1,294,331	1,913,371
Total pension liability - beginning	**178,574,755**	177,504,369	170,838,322	171,560,760	169,773,303	169,566,517	167,151,167	161,332,955	160,038,624	158,125,253
Total pension liability - ending (a)	**$ 181,185,324**	$ 178,574,755	$ 177,504,369	$ 170,838,322	$ 171,560,760	$ 169,773,303	$ 169,566,517	$ 167,151,167	$ 161,332,955	$ 160,038,624
Plan Fiduciary Net Position										
Contributions - employer	**$ 4,421,547**	$ 4,517,447	$ 4,336,491	$ 4,584,444	$ 4,499,632	$ 4,546,425	$ 4,253,014	$ 4,059,458	$ 3,970,489	$ 3,279,227
Contributions - employee	**1,664,989**	1,756,091	1,463,812	1,527,550	1,409,446	1,335,891	1,285,442	1,272,188	1,213,267	1,180,665
Net investment income	**12,745,274**	(15,612,590)	23,659,505	6,183,677	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	**(15,063,921)**	(14,452,082)	(14,065,249)	(13,480,144)	(13,082,597)	(13,321,335)	(12,920,100)	(12,769,910)	(12,721,731)	(12,359,564)
Transfers among employers	**266,699**	303,160	(106,703)	29,104	10,324	119,258	(25,608)	10,519	(29,140)	(40,811)
Net change in plan fiduciary net position	**4,034,588**	(23,487,974)	15,287,856	(1,155,369)	(4,272,490)	2,829,620	5,876,527	2,846,970	(6,296,317)	4,354,623
Plan net position - beginning	**102,528,621**	126,016,595	110,728,739	111,884,108	116,156,598	113,326,978	107,450,451	104,603,481	110,899,798	106,545,175
Plan net position - ending (b)	**$ 106,563,209**	$ 102,528,621	$ 126,016,595	$ 110,728,739	$ 111,884,108	$ 116,156,598	$ 113,326,978	$ 107,450,451	$ 104,603,481	$ 110,899,798
Net pension liability (asset) - ending (a) - (b)	**$ 74,622,115**	$ 76,046,134	$ 51,487,774	$ 60,109,583	$ 59,676,652	$ 53,616,705	$ 56,239,539	$ 59,700,716	$ 56,729,474	$ 49,138,826
Plan fiduciary net position as a percentage of total pension liability	**58.81%**	57.41%	70.99%	64.81%	65.22%	68.42%	66.83%	64.28%	64.84%	69.30%
Covered payroll*	**$ 29,352,069**	$ 28,286,520	$ 27,290,410	$ 27,688,177	$ 26,000,122	$ 25,156,550	$ 24,017,021	$ 23,374,483	$ 23,697,656	$ 21,607,500
Net pension liability as a percentage of covered payroll	**254.23%**	268.84%	188.67%	217.09%	229.52%	213.13%	234.17%	255.41%	239.39%	227.42%

*Department's covered payroll during the measurement period is the total covered payroll. For FY 2024, the measurement period is October 1, 2022 - September 30, 2023.
GASB issued a statement "Pension Issues" in March 2016 to redefine covered payroll beginning with FY 2017.

City of Birmingham Retirement & Relief Pension System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	**$ 6,958**	$ 13,099	$ 17,082	$ 23,161	$ 27,451	$ 36,091	$ 48,782	$ 49,939	$ 61,004	$ 64,181
Interest	**693,416**	710,716	732,458	725,174	761,472	766,879	803,649	778,040	749,345	764,708
Changes in benefit terms	**-**	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	**(548,348)**	(10,228)	(286,365)	224,788	(381,077)	(421,970)	336,211	70,755	(187,011)	(202,192)
Changes of assumptions	**-**	-	475,233	-	-	-	-	-	(84,528)	-
Benefit payments, including refunds of employee contributions	**(961,941)**	(930,215)	(864,876)	(874,973)	(900,096)	(832,729)	(983,354)	(901,200)	(838,553)	(853,769)
Net change in total pension liability	**(809,915)**	(216,628)	73,532	98,150	(492,250)	(451,729)	205,288	(2,466)	(299,743)	(227,072)
Total pension liability - beginning	**10,038,366**	10,254,994	10,181,462	10,083,312	10,575,562	11,027,291	10,822,003	10,824,469	11,124,212	11,351,284
Total pension liability - ending (a)	**$ 9,228,451**	$ 10,038,366	$ 10,254,994	$ 10,181,462	$ 10,083,312	$ 10,575,562	$ 11,027,291	$ 10,822,003	$ 10,824,469	$ 11,124,212
Plan Fiduciary Net Position										
Contributions - employer	**$ 5,443**	$ 4,548	$ 7,217	$ 7,486	$ 8,560	$ 8,702	$ 10,614	$ 12,517	$ 12,474	$ 13,888
Contributions - employee	**9,363**	11,323	17,967	18,636	21,717	21,663	26,426	31,164	31,055	34,556
Net investment income	**1,664,032**	1,352,716	(1,702,312)	4,426,955	118,836	740,330	1,146,266	1,662,389	61,975	665,531
Benefit payments, including refunds of employee contributions	**(961,941)**	(930,215)	(864,876)	(874,973)	(900,096)	(832,729)	(983,354)	(901,200)	(838,553)	(853,769)
Net change in plan fiduciary net position	**716,897**	438,372	(2,542,004)	3,578,104	(750,983)	(62,034)	199,952	804,870	(733,049)	(139,794)
Plan net position - beginning	**16,547,197**	16,108,825	18,650,829	15,072,725	15,823,708	15,885,742	15,685,790	14,880,920	15,613,969	15,753,763
Plan net position - ending (b)	**$ 17,264,094**	$ 16,547,197	$ 16,108,825	$ 18,650,829	$ 15,072,725	$ 15,823,708	$ 15,885,742	$ 15,685,790	$ 14,880,920	$ 15,613,969
Net pension liability (asset) - ending (a) - (b)	**$ (8,035,643)**	$ (6,508,831)	$ (5,853,831)	$ (8,469,367)	$ (4,989,413)	$ (5,248,146)	$ (4,858,451)	$ (4,863,787)	$ (4,056,451)	$ (4,489,757)
Plan fiduciary net position as a percentage of total pension liability	**187.07%**	164.84%	157.08%	183.18%	149.48%	149.63%	144.06%	144.94%	137.47%	140.36%
Covered payroll*	**$ 156,050**	$ 188,717	$ 299,450	$ 310,600	$ 361,950	$ 361,050	$ 440,433	$ 519,400	$ 517,583	$ 575,933
The Plan's net pension liability as a percentage of covered payroll	**-5149.40%**	-3448.99%	-1954.86%	-2726.78%	-1378.48%	-1453.58%	-1103.11%	-936.42%	-783.73%	-779.56%

*Payroll is estimated based on the actual employee contributions received and a 6.0% contribution rate.

(Continued)

Employees' Retirement System of Alabama

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution*	**$ 4,939,528**	$ 4,530,148	$ 4,247,429	$ 4,349,121	$ 4,478,127	$ 4,485,270	$ 4,282,218	$ 4,342,996	$ 4,151,055	$ 4,057,707
Employer contributions to pension plan	**4,939,528**	4,530,148	4,247,429	4,349,121	4,478,127	4,485,270	4,282,218	4,342,996	4,151,055	4,057,707
Annual contribution deficiency (excess)	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll**	**$ 33,435,866**	$ 29,352,069	$ 28,286,520	$ 27,290,410	$ 27,688,177	$ 26,000,122	$ 25,156,550	$ 24,017,021	$ 23,374,483	$ 23,697,656
Employer contributions to pension plan as a % of covered payroll	**14.77%**	15.43%	15.02%	15.94%	16.17%	17.25%	17.02%	18.08%	17.76%	17.12%

*The amount of employer contributions related to normal and accrued liability components of employer rate net of any refunds or error service payments. The Schedule of Employer Contributions is based on the 12 month period of the underlying financial statement.

**Department's covered payroll for FY2024 is total covered payroll for the 12 month period of the underlying financial statement

City of Birmingham Retirement & Relief Pension System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	**$ -**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined	**5,443**	4,548	7,217	7,486	8,560	8,702	10,614	12,517	12,474	13,888
Contribution deficiency (excess)	**$ (5,443)**	$ (4,548)	$ (7,217)	$ (7,486)	$ (8,560)	$ (8,702)	$ (10,614)	$ (12,517)	$ (12,474)	$ (13,888)
Covered payroll*	**$ 156,050**	$ 188,717	$ 299,450	$ 310,600	$ 361,950	$ 361,050	$ 440,433	$ 519,400	$ 517,583	$ 575,933
Contributions as a percentage of covered payroll	**3.49%**	2.41%	2.41%	2.41%	2.36%	2.41%	2.41%	2.41%	2.41%	2.41%

*Payroll is estimated based on the actual employee contributions received and a 6.0% contribution rate.

Jefferson County Department of Health
Other Postemployment Benefits
Schedule of Changes in Net OPEB Liability
(As of Measurement Date)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	**$ 54,299**	$ 57,159	$ 53,410	$ 58,034	$ 67,336	$ 32,438	$ 32,736	$ 30,722
Interest	**392,967**	331,833	367,002	347,581	351,650	196,011	205,312	206,643
Difference between expected an actual experience	**(320,315)**	1,062,597	(388,339)	387,282	(18,532)	(357,066)	(68,141)	(81,862)
Changes of assumptions	**-**	-	-	-	-	2,718,584	-	-
Benefit payments	**589,593**	566,916	502,040	528,880	388,284	344,829	260,729	283,422
Net change in total OPEB liability	**(462,642)**	884,673	(469,967)	264,017	12,170	2,245,138	(90,822)	(127,919)
Total OPEB liability at beginning of year	**5,908,608**	5,023,935	5,493,902	5,229,885	5,217,715	2,972,577	3,063,399	3,093,747
Total OPEB liability at end of year	**5,445,966**	5,908,608	5,023,935	5,493,902	5,229,885	5,217,715	2,972,577	2,965,828
Plan Fiduciary Net Position								
Contributions - employer	**589,593**	566,916	502,040	528,880	388,284	344,829	260,729	283,422
Net investment income	**1,575,526**	741,523	(1,200,415)	987,060	553,490	247,661	307,478	441,337
Benefit payments and net transfers	**589,593**	566,916	502,040	528,880	388,284	344,829	260,729	283,422
Administrative expense	**17,681**	15,626	16,490	-	-	-	-	-
Net change in fiduciary net position	**1,557,845**	725,897	(1,216,905)	987,060	553,490	247,661	307,478	441,337
Plan fiduciary net position at beginning of year	**6,340,223**	5,614,326	6,831,231	5,844,171	5,290,681	5,043,020	4,735,542	4,294,206
Plan fiduciary net position at end of year	**7,898,068**	6,340,223	5,614,326	6,831,231	5,844,171	5,290,681	5,043,020	4,735,543
Net OPEB liability (asset) at end of year	**$ (2,452,102)**	$ (431,615)	$ (590,391)	$ (1,337,329)	$ (614,286)	$ (72,966)	$ (2,070,443)	$ (1,769,715)
Plan fiduciary net position as a percentage	**145.03%**	107.30%	111.75%	124.34%	111.75%	101.40%	169.65%	159.67%
Covered employee payroll	**33,806,510**	33,806,510	26,064,968	25,062,469	23,881,468	22,962,950	25,205,739	22,309,641
Net OPEB liability (asset) as a percentage of covered-employee payroll	**-7.25%**	-1.28%	-2.27%	-5.34%	-2.57%	-0.32%	-8.21%	-7.93%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

Jefferson County Department of Health
Other Postemployment Benefits
Schedule of Employer Contributions—OPEB
(As of Fiscal Year-end)

	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	**$ 19,517**	$ 9,582	$ (54,361)	$ 8,531	$ 61,456	$ (134,412)	$ (102,016)	$ (66,019)
Contributions in relation to the actuarially determined contribution								
Employer-paid retiree premiums	**589,593**	566,916	502,040	528,880	388,284	344,829	260,729	284,448
Contribution deficiency (excess)	**$ (570,076)**	$ (557,334)	$ (556,401)	$ (520,349)	$ (326,828)	$ (479,241)	$ (362,745)	$ (350,467)
Covered annual payroll	**$ 33,806,510**	$ 33,806,510	$ 26,064,968	$ 25,062,469	$ 23,881,468	$ 22,962,950	$ 25,205,739	$ 22,309,641
Contributions as a percentage of covered employee payroll	**1.74%**	1.68%	1.93%	2.11%	1.63%	1.50%	1.03%	1.28%

Note: This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

Jefferson County Department of Health
Other Postemployment Benefits
Schedule of Investment Returns—OPEB
(As of Fiscal Year-end)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	**24.57%**	12.93%	-17.82%	16.89%	10.45%	4.91%	6.54%	10.54%	8.17%	-2.45%

Source: Regions Wealth Platform (RWP)

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 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 2024 were 16.42% for Tier 1 employees (hired before January 1, 2013) and 13.95% for Tier 2 employees (hired after January 1, 2013).

Note 3: ACTUARIAL ASSUMPTIONS

The actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year 2024 were based on the September 30, 2021 actuarial valuation. The following actuarial methods and assumptions were used to determine contribution rates reported for the period October 1, 2023 – September 30, 2024:

Actuarial Cost Method	Entry age
Amortization Method	Level percent closed
Remaining Amortization Period	26.9 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary increases	3.25-6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

<u>**CITY OF BIRMINGHAM RETIREMENT AND RELIEF PENSION SYSTEM**</u>

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 payroll.

Note 2: SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS

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

Note 3: ACTUARIAL ASSUMPTIONS

Valuation Date	7/1/2023
Actuarial Cost Method	Aggregate cost method
Asset Valuation Method	The market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual the expected returns on a market value basis and is recognized over a five-year period. The deferred return is further adjusted, if necessary, so that the actuarial value will stay within 20% of the market value of assets.
Actuarial Assumptions	
Net Investment Rate of Return	7.25%, including inflation, net of pension plan investment expense
Inflation rate	2.25%
Projected Salary Increases	2.25%, plus age-related salary scale
Other assumptions	Same as those used in the July 1, 2022 funding actuarial valuation

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, 2024.

Note 3: ACTUARIAL ASSUMPTIONS—OPEB

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

Valuation date	10/1/2023 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

For the year ended September 30, 2024

Description	Federal Assistance Listing Number	Contract Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Passed through Alabama Department of Public Health				
Injury Prevention and Control Research and State and Community Based Programs	93.136	C30116238	$ 335,387	$ -
Injury Prevention and Control Research and State and Community Based Programs (*Direct*)	93.136	6 NH28CE003559-01-01	232,114	-
Total Assistance Listing Number 93.136			567,501	-
Public Health Emergency Preparedness	93.069	C30116186	78,904	-
Public Health Emergency Preparedness	93.069	C30116212	441,178	-
Total Assistance Listing Number 93.069			520,082	-
Family Planning Services	93.217	C40117141	665,101	-
Family Planning Services (*Direct*)	93.217	6 FPHPA006498-01-02	661,620	-
Total Assistance Listing Number 93.217			1,326,721	-
Immunization Cooperative Agreements	93.268	C10114223	370,292	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	C00119183	240,817	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	C10114159	1,750,723	-
Total Assistance Listing Number 93.323			1,991,540	-
COVID-19 - Activities to Support State, Tibal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	C10114219	232,742	-
National Bioterrorism Hospital Preparedness Program	93.889	C30116212	39,926	-
HIV Prevention Activities Health Department Based	93.940	C30116190	759,034	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	C40117109	581,440	-
Maternal and Child Health Services Block Grant to the States	93.994	C40117085	217,545	-
Passed through National Association of County and City Health Officers				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	2023-041801	150,000	-
Passed through University of Alabama at Birmingham				
Sexually Transmitted Diseases (STD) Provider Education Grants	93.978	6NU62PS924587-04-02	20,356	-
Passed through Alabama Department of Mental Health				
State Opioid Response	93.788	N/A	101,990	-
Total U.S. Department of Health and Human Services			6,879,169	-

(Continued)

See notes to Schedule of Expenditures of Federal Awards.

For the year ended September 30, 2024

Description	Federal Assistance Listing Number	Contract Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through Alabama Department of Public Health				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	C40117030	2,761,897	-
Total U.S. Department of Agriculture			2,761,897	-
U.S. Department of Transportation				
Passed through Regional Planning Commission of Greater Birmingham				
Highway Planning and Construction	20.205	100076668	57,371	-
Total U.S. Department of Transportation			57,371	-
U.S. Department of Treasury				
Passed through The City of Birmingham				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,051,656	1,051,656
Total U.S. Department of Treasury			1,051,656	1,051,656
U.S. Environmental Protection Agency				
Direct				
Air Pollution Control Program Support	66.001	97412920	540,060	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	01D05020	382,842	-
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	03D12224	83,365	-
COVID- 19- Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	02D27622	38,994	-
Total Assistance Listing Number 66.034			505,201	-
Total U.S. Environmental Protection Agency			1,045,261	-
Total federal awards			$ 11,795,354	$ 1,051,656

See notes to Schedule of Expenditures of Federal Awards.

Note 1: SIGNIFICANT ACCOUNTING POLICIES

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. The accompanying Schedule of Expenditures of Federal Awards is presented using 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 are recorded when the related liability is incurred. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this schedule presents only a selected portion of the operations of the Department, it is not intended to and does not represent the financial position of the Department.

Note 2: INDIRECT COST RATE

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

Note 3: 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, 2024.

Note 4: NON-CASH AWARDS

During the year ended September 30, 2024, the Department did not receive any non-cash federal assistance.

Note 5: AMOUNTS PASSED THROUGH TO SUBRECIPIENTS

Total federal awards on the accompanying Schedule of Expenditures of Federal Awards includes $1,051,656 of Coronavirus State and Local Fiscal Recovery Funds received through the City of Birmingham (the City). These funds passed through the Department to Offender Alumni Association for the purpose of a Hospital-Linked Violence Intervention Program established by a joint resolution between the Department and the City.

REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS

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

To the 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 *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2024, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated June 30, 2025.

Report on 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 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

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

Birmingham, Alabama
June 30, 2025

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INDEPENDENT AUDITOR'S 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

Opinion on Each Major Federal Program

We have audited the Jefferson County Department of Health's (the Department) compliance with the types of compliance requirements identified as subject to audit 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, 2024. The Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Department complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Department's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Departments federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Department's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Department's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Department's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Department's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Department's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, L.L.C.

Birmingham, Alabama
June 30, 2025

For the year ended September 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's 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	x no
Significant deficiency(ies)?	___ yes	x none reported
Noncompliance material to financial statements noted?	___ yes	x no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ yes	x no
Significant deficiency(ies)?	___ yes	x none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	___ yes	x no

Identification of major programs:

ALN	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.136	Injury Prevention and Control Research and State and Community Based Programs
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
93.940	HIV Prevention Activities Health Department Based

Dollar threshold used to distinguish between type A and type B programs?	$ 750,000	
Auditee qualified as low-risk auditee?	___ yes	x no

(Continued)

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.

Section IV – Prior Year Findings and Questioned Costs
There were no matters to be reported.