

JEFFERSON COUNTY COMMISSION

SINGLE AUDIT REPORT

September 30, 2020

JEFFERSON COUNTY COMMISSION
Birmingham, Alabama

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**INDEPENDENT AUDITOR'S REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Commissioners of the
Jefferson County Commission
Birmingham, Alabama

Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of the Jefferson County Commission ("the Commission"), for the year ended September 30, 2020, and the related notes to the schedule of expenditures of federal awards (the financial statement).

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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



To the Commissioners of the
Jefferson County Commission
Birmingham, Alabama
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of the federal awards of the Commission for the year ended September 30, 2020, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards* Related to the Single Audit

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of the Commission'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 related to the Single Audit. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance applicable to the Single Audit conducted under Uniform Guidance.

Birmingham, Alabama
March 31, 2021

Bank, Finley White & Co.

JEFFERSON COUNTY COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Federal Contract Number</u>
U.S. Department of Housing and Urban Development		
Direct Programs:		
Community Development Block Grant/Entitlement Grants	14.218	B-15-UC-01-0001
Community Development Block Grant/Entitlement Grants	14.218	B-16-UC-01-0001
Community Development Block Grant/Entitlement Grants	14.218	B-17-UC-01-0001
Community Development Block Grant/Entitlement Grants	14.218	B-18-UC-01-0001
Community Development Block Grant/Entitlement Grants	14.218	B-19-UC-01-0001
Subtotal Community Development Block Grant/Entitlement Grants		
Community Development Block Grant - Disaster Recovery	14.218	B-12-UT-01-0001
Community Development Block Grant - Disaster Recovery	14.218	B-13-US-01-0001
Subtotal Community Development Block Grant - Disaster Recovery		
Passed Through Alabama Department of Economic and Community Affairs:		
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	
Direct Programs:		
Emergency Solutions Grant Program	14.231	E-18-UC-01-0006
Emergency Solutions Grant Program	14.231	E-19-UC-01-0006
Subtotal Emergency Solutions Grant Program		
HOME Investment Partnerships Program	14.239	M-15-UC-01-0202
HOME Investment Partnerships Program	14.239	M-16-UC-01-0202
HOME Investment Partnerships Program	14.239	M-17-UC-01-0202
HOME Investment Partnerships Program	14.239	M-18-UC-01-0202
HOME Investment Partnerships Program	14.239	M-19-UC-01-0202
Subtotal HOME Investment Partnerships Program		
Total U.S. Department of Housing and Urban Development		
U.S. Department of Justice		
Direct Programs:		
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0191
Drug Court Discretionary Grant Program	16.585	2018-DC-BX-0025
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2016-SI-AX-K003
Project Safe Neighborhoods	16.609	2018-GP-BX-0009
Comprehensive Opioid Abuse Site-Based Program	16.838	2018-AR-BX-K013
Total U.S. Department of Justice		
U.S. Department of Labor		
Passed Through Alabama Department of Economic and Community Affairs:		
Workforce Innovation and Opportunity Act (WIOA) Cluster:		
WIOA Adult Program	17.258	
WIOA Youth Activities	17.259	
WIOA Dislocated Worker Formula Grants	17.278	
Subtotal Workforce Innovation and Opportunity Act (WIOA) Cluster		
Total U.S. Department of Labor		
U.S. Department of the Treasury		
Direct Programs:		
COVID-19 - Coronavirus Relief Funds	21.019	
Total U.S. Department of the Treasury		

<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
	\$ -	\$ 160,299
	-	842,409
	-	973,398
	-	763,366
	<u>30,339</u>	<u>1,320,713</u>
	<u>30,339</u>	<u>4,060,185</u>
	-	2,280,388
	<u>-</u>	<u>1,098,998</u>
	<u>-</u>	<u>3,379,386</u>
	-	497,315
	124,882	136,603
	<u>60,363</u>	<u>63,018</u>
	<u>185,245</u>	<u>199,621</u>
	-	294,570
	-	30,451
	-	490,440
	-	45,669
	<u>-</u>	<u>53,372</u>
	<u>-</u>	<u>914,502</u>
	<u>215,584</u>	<u>9,051,009</u>
	-	91,314
	335,142	345,587
	-	169,052
	-	45,000
	<u>271,208</u>	<u>281,812</u>
	<u>606,350</u>	<u>932,765</u>
	-	4,060,577
	-	1,623,019
	<u>-</u>	<u>1,518,774</u>
	<u>-</u>	<u>7,202,370</u>
	<u>-</u>	<u>7,202,370</u>
	<u>39,402,646</u>	<u>77,060,078</u>
	<u>39,402,646</u>	<u>77,060,078</u>

JEFFERSON COUNTY COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
For the year ended September 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Federal Contract Number</u>
Election Assistance Commission		
Passed Through State of Alabama:		
COVID-19 - 2018 HAVA Election Security Grants	90.404	
Total Election Assistance Commission		
U.S. Department of Health and Human Services		
Direct Programs:		
Substance Abuse and Mental Health Services	93.243	18TI81163A-01
Substance Abuse and Mental Health Services	93.243	1H79T1026406-01
Subtotal Substance Abuse and Mental Health Services		
Passed Through University of Alabama at Birmingham:		
Trans-NIH Research Support	93.310	
Total U.S. Department of Health and Human Services		
U.S. Department of Homeland Security		
Passed Through Alabama Department of Homeland Security:		
Homeland Security Grant Program	97.067	
Homeland Security Grant Program	97.067	EMW-2016-SS-00108
Homeland Security Grant Program	97.067	EMW-2017-SS-00077
Homeland Security Grant Program	97.067	EMW-2017-SS-00077
Homeland Security Grant Program	97.067	EMW-2017-SS-00077
Homeland Security Grant Program	97.067	
Homeland Security Grant Program	97.067	EMW-2018-SS-00041
Homeland Security Grant Program	97.067	EMW-2018-SS-00041
Homeland Security Grant Program	97.067	EMW-2018-SS-00041
Homeland Security Grant Program	97.067	EMW-2018-SS-00041
Homeland Security Grant Program	97.067	EMW-2018-SS-00041
Subtotal Homeland Security Grant Program		
Total U.S. Department of Homeland Security		
U.S. Economic Development Administration		
Direct Programs:		
Economic Adjustment Assistance	11.307	04-39-03391.02
Total U.S. Economic Development Administration		
Total Expenditures of Federal Awards		

<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
	<u>-</u>	<u>436,074</u>
	<u>-</u>	<u>436,074</u>
	359,066	374,055
	<u>-</u>	<u>17,995</u>
	<u>359,066</u>	<u>392,050</u>
	<u>-</u>	<u>101,435</u>
	<u>359,066</u>	<u>493,485</u>
	-	10,019
	-	26,934
	-	34,857
	-	17,658
	-	50,000
	-	15,000
	-	50,000
	-	72,337
	-	3,600
	-	50,299
	<u>-</u>	<u>48,045</u>
	<u>-</u>	<u>378,749</u>
	<u>-</u>	<u>378,749</u>
	<u>-</u>	<u>360,805</u>
	<u>-</u>	<u>360,805</u>
	<u>\$ 40,583,646</u>	<u>\$ 95,915,335</u>

JEFFERSON COUNTY COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) summarizes the expenditures of the Jefferson County Commission (the Commission) under programs of the federal government for the year ended September 30, 2020. 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). Because the Schedule presents only a selected portion of the operations of the Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Commission.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For purposes of the Schedule, expenditures for federal awards programs are recognized on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - FEDERAL PASS-THROUGH FUNDS

The Commission is a subrecipient of federal funds which have been subject to testing and are reported as expenditures and listed as federal pass-through funds in the Schedule.

NOTE 4 - INDIRECT COST RATE

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

NOTE 5 - OTHER

The Commission issues loans through the Workforce & Economic Development Office for eligible recipients. The following loans were outstanding as of September 30, 2020:

	<u>CFDA Number</u>	<u>Loan Outstanding</u>	<u>Less Allowance for Doubtful Accounts</u>	<u>Net Loans Outstanding</u>
Economic Development Administration Community Development Block Grant	11.307	\$ 635,595	\$ 537,552	\$ 98,043
/Entitlement Grants	14.218	\$ 935,048	\$ 927,384	\$ 7,664
HOME Investment Partnership Program	14.239	\$ 15,169,728	\$ 10,673,811	\$ 4,495,917

JEFFERSON COUNTY COMMISSION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2020

NOTE 6 - WORKFORCE INVESTMENT ACT CLUSTER

The Commission reports its expenditures to the Alabama Department of Economic and Community Affairs (ADECA) on a modified accrual basis on a 12-month period that ends on September 30. ADECA reports amounts paid to the Commission on a cash basis. The schedule below reconciles the expenditures per the accompanying schedule of expenditures of federal awards to the amounts reported per ADECA for the year ended September 30, 2020.

Amount per schedule of expenditures of federal awards	\$ 7,202,370
Add: Expenditures accrued in fiscal year 2019, but reimbursed in fiscal year 2020	1,407,782
Less: Expenditures accrued in fiscal year 2020, to be reimbursed in fiscal year 2021	<u>(2,664,159)</u>
Amount received from ADECA for the fiscal year ended September 30, 2020	<u>\$ 5,945,993</u>

**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 Commissioners of the
Jefferson County Commission
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 schedule of expenditures of federal awards of the Jefferson County Commission ("the Commission"), for the year ended September 30, 2020, and the related notes to the schedule of expenditures of federal awards ("the financial statement"), and have issued our report thereon dated March 31, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Commission'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 may exist that have not been identified.



To the Commissioners of the
Jefferson County Commission
Birmingham, Alabama
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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Birmingham, Alabama
March 31, 2021

Banks, Finley White & Co.

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

To the Commissioners of the
Jefferson County Commission
Birmingham, Alabama

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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



To the Commissioners of the
Jefferson County Commission
Birmingham, Alabama
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Opinion on Each Major Federal Program

In our opinion, the Commission 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 programs for the year ended September 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Birmingham, Alabama
March 31, 2021

Banks, Finley White & Co.

**JEFFERSON COUNTY COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2020**

Section I--Summary of Auditor's Results

Schedule of Expenditures of Federal Awards

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/ Entitlement Grants
21.019	Coronavirus Relief Funds

Dollar threshold used to distinguish between Type A and type B programs: \$2,877,460

Auditee qualified as low-risk auditee? X Yes _____ No

Section II--Schedule of Expenditures of Federal Awards

No matters were reported.

Section III--Federal Awards Findings and Questioned Costs

No matters were reported.