TIFT COUNTY BOH dba
DIVERSIFIED ENTERPRISES

(A Component Unit of Tift County Board of Health)

Financial Statements and
Required Supplementary Information

Year Ended June 30, 2021

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
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June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Advisory Board
Tift County BOH dba Diversified Enterprises
A Component Unit of the Tift County Board of Health

We have audited the accompanying financial statements of the governmental activities and each major fund of Tift County BOH dba Diversified Enterprises, Georgia, a component unit of Tift County Board of Health, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Tift County BOH dba Diversified Enterprises' restated basic financial statements as listed in the table of contents.

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

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

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Tift County BOH

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dba Diversified Enterprises, Georgia, a component unit of Tift County Board of Health, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 33-37 be presented to supplement the basic financial statements. Such information, although not part of the basis 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tift County BOH dba Diversified Enterprises' basic financial statements. The statements and schedules are presented as Supplementary Information for the purpose of additional analysis and are not a required part of the basic financial statements.

The statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 restated basic financial statements or to the restated 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 statements and schedules presented as Supplementary Information are 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 November 17, 2021 on our consideration of Tift County BOH dba Diversified Enterprises' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tift County BOH dba Diversified Enterprises' internal control over financial reporting and compliance.

Herring CPA Group, P.C.

Herring CPA Group, P.C.
Tifton, GA
November 17, 2021

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
Statement of Net Position
June 30, 2021

		Primary Government Governmental Activities
ASSETS		
Current Assets		
Cash	$	1,696,607
Accounts receivable		249,052
Due from other governments		44,311
Prepaid Insurance		22,370
Total Current Assets		2,012,340
Non-Current Assets		
Capital assets - net		76,038
Total Non-Current Assets		76,038
Total Assets		2,088,378
Deferred Outflows of Resources		472,415
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		2,560,793
LIABILITIES		
Current Liabilities		
Accounts payable		19,710
Accrued expenses		223,417
Compensated absences payable		70,047
Total Current Liabilities		313,174
Long-Term Liabilities		
Compensated absences payable		193,315
Net pension liability		1,256,629
Net OPEB liability		241,101
Total Long-Term Liabilities		1,691,045
TOTAL LIABILITIES		2,004,219
Deferred Inflows of Resources		438,925
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		2,443,144
NET POSITION		
Net Investment in capital assets		76,038
Unrestricted		41,611
TOTAL NET POSITION	$	117,649

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

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
Statement of Activities and Change in Net Position
Year Ended June 30, 2021

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Interest	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Health	4,479,091	4,384,379	888,998	794,286
Total Governmental Activities	4,479,091	4,384,379	888,998	794,286
Extraordinary Items				
Contribution from State of Georgia				46,227
CHANGE IN NET POSITION				840,513
Net Position - June 30, 2020				(722,864)
NET POSITION - June 30, 2021				$ 117,649

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

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
Governmental Funds
Balance Sheet
June 30, 2021

	General	Total Governmental Funds
ASSETS		
Cash	$ 1,696,607	$ 1,696,607
Accounts receivable	249,052	249,052
Due from other governments	44,310	44,310
Prepaid Insurance	22,370	22,370
TOTAL ASSETS	$ 2,012,339	$ 2,012,339
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 19,710	$ 19,710
Accrued expenses	223,417	223,417
Total Liabilities	243,127	243,127
Fund Balance		
Unassigned	1,769,212	1,769,212
Total Fund Balances	1,769,212	1,769,212
TOTAL LIABILITIES AND FUND BALANCE	$ 2,012,339	$ 2,012,339

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

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS		$ 1,769,213
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Total depreciable assets	93,663	
Accumulated depreciation on assets	(17,625)	76,038
Pension related deferred outflows and inflows of resources are not reported in governmental funds.		
Proportionate share of pension liability		(1,256,629)
Deferred inflow of resources		(3,923)
Deferred outflow of resources		324,354
OPEB related deferred outflows and inflows of resources are not reported in governmental funds.		
Proportionate share of net OPEB liability		(241,101)
Deferred inflow of resources		(435,002)
Deferred outflow of resources		148,061
Long-term liabilities applicable to the Organization's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Compensated Absences		
Current liability		(70,047)
Long-term liability		(193,315)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 117,649

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

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
Governmental Funds
Statement of Revenues, Expenditures, and Change in Fund Balance
Year Ended June 30, 2021

	General	Total Governmental Funds
REVENUES		
Intergovermental	$ 605,246	$ 605,246
Charges for services	4,384,379	4,384,379
Interest income	673	673
Other local funds	161,954	161,954
Grant Disaster Relief	121,125	121,125
TOTAL REVENUES	5,273,377	5,273,377
EXPENDITURES		
Current		
Health	4,833,711	4,833,711
TOTAL EXPENDITURES	4,833,711	4,833,711
Excess (Deficiency) of Revenues over Expenditures	439,666	439,666
OTHER FINANCING SOURCES		
Contribution	46,227	46,227
CHANGE IN FUND BALANCE	485,893	485,893
Fund Balance - July 1, 2020	1,283,319	1,283,319
FUND BALANCE - June 30, 2021	$ 1,769,212	$ 1,769,212

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

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities
Year Ended June 30, 2021

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		$ 485,893
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(18,400)
Capital Expenditures		46,227
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued compensated absences	(21,287)	
Change in net pension liability	(160,125)	
Change in net OPEB asset/liability	6,001	
Change in deferred outflows	144,738	
Change in deferred inflows	357,465	326,792
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 840,512

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

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
Agency Fund
Balance Sheet
June 30, 2021

		Checking
Beginning Balance	$	68,801
Deposits		462,776
Withdrawals		(459,485)
Ending Balance	$	72,092

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

NOTE 1 – REPORTING ENTITY

Tift County BOH dba Diversified Enterprises (the Organization) is a nationally accredited provider of support and training services to persons who experience developmental disabilities.

Tift County BOH dba Diversified Enterprises is organized as a subsidiary to the Tift County Board of Health and thereby operates under the direction and control of that entity. The Organization is considered to be a component unit of the Tift County Board of Health, and its financial statements include only the accounts of Tift County BOH dba Diversified Enterprises. The Organization has no oversight responsibility for any other governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting and Measurement Focus

The Organization's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the basic financial statements.

Government-wide Financial Statements – Government-wide financial statements consist of the statement of net position and the statement of activities. These statements are presented on an economic resources measurement focus. All economic resources and obligations of the reporting government are reported in the financial statements.

The government-wide financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting all assets and liabilities of the Organization are included on the statement of net position. Net assets represents the resources the Organization has available for use in providing services. The Organization's net assets are classified as follows:

- Invested in Capital Assets – This amount represents the Organization's capital assets, net of accumulated depreciation.
- Unrestricted – This category represents neither restrictions nor investment in capital assets and may be used by the Organization for any purpose, though they may not be necessarily liquid.

Fund Financial Statements – The fund financial statements consist of the balance sheet, the statement of revenues, expenditures and changes in fund balance, and the statement of revenues, expenditures and changes in fund balance—budget and actual of the Organization's general fund. These statements are presented on a current financial resources measurement focus. Generally, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance for the governmental fund generally presents increases (revenues) and decreases (expenditures) in net current assets. All operations of the Organization are accounted for in the general fund.

The fund financial statements have been prepared on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues area considered available if they are received within 60 days after year-end. Revenues susceptible to accrual include program revenues, grant revenues, and investment income. Expenditures are recognized in the accounting period in which the fund liability is incurred except for compensated absences, which are recognized when due and payable at year-end.

Governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements.

B. Budget Process

An annual budget is adopted on a non-GAAP budgetary basis by the entity for the general fund as required by a grant contract. The difference between the GAAP and the budgetary basis is that the prior year fund balances are shown as current year revenues.

C. Cash

Cash includes amounts in demand deposits and investments with an original maturity of three months or less. Any investment or deposit in excess of the Federal Deposit Insurance Corporation (FDIC) insured amount must be secured by 110% of an equivalent amount of state or U.S. obligations. Cash deposits are reported at carrying amount which reasonably estimates fair value.

D. Receivables and Due from Other Governments

Receivables consist primarily of fees for service. Amounts due from other governments are for reimbursement of grant expenditures.

E. Capital Assets

Capital assets are capitalized and recorded at cost, net of accumulated depreciation in the government-wide financial statements. The Organization capitalizes assets with cost in excess of $1,000 and a useful life greater than one year. The Organization does not own infrastructure. Capital assets are depreciated using the straight-line method over the estimated useful lives of each asset, which ranges from 5 to 39 years.

F. Compensated Absences

Annual leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Organization will compensate the employees for the benefits through paid time off or some other means. The Organization records a liability for accumulated unused annual leave when earned for all employees up to a maximum of 360 hours.

Compensated absence obligations are reported in the fund financial statements as expenditures in the period paid or when due and payable at year-end under the modified basis of accounting. The compensated absences have been accrued in the government-wide financial statements. Seventy-five percent of compensated absences are designated as Current Liabilities and twenty-five percent are designated as Long-Term Liabilities. Compensated absences are liquidated by the general fund.

G. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. In general, payables and accrued liabilities are recognized on fund financial statements as liabilities when incurred.

H. Fund Equity

Fund equity at the fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."
Fund Balance – Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Organization is bound to honor

constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable* – Resources that cannot be spent because they are either (a) not in an expendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted* – Resources that are constrained to specific purposes by an external provider (e.g. grantors, contributors, governmental laws and regulations) or by constitutional provisions or enabling legislation.
- *Committed* – Resources with self-imposed limitations, evidenced by formal action of the Advisory Board, and require both the approval of the highest level of decision making authority and the same formal action to remove or modify the limitations.
- *Assigned* – Resources with self-imposed limitations but do not require approval by the highest level of decision making authority or the same level of authority to remove or modify limitations. The Executive Director has authority to express assignments.
- *Unassigned* – Resources that cannot be properly reported in any of the other four classifications.

The Organization's spending priority is to spend restricted fund balance first, then unrestricted resources as needed. For unrestricted resources, it is the Organization's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

I. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The Organization's significant estimates are recorded in accounts receivable, and also pertain to accruals for services provided but not invoiced by year-end.

J. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows of resources and deferred inflows of resources are reported for amounts related to the Organization's pension plans and other post employment benefit plan that will be amortized as a component of pension and other post employment benefit expense in future years.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the

Employees' Retirement System (ERS) and Teachers Retirement System (TRS) and additions to/deductions from ERS's and TRS's fiduciary net position have been determined on the same basis as they are reported by ERS and TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB) plan (the Plan) and additions to/deductions from the SEAD-OPEB's fiduciary net position have been determined on the same basis as they are reported by SEAD-OPEB. For this purpose, death benefits are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 3 – DEPOSITS

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the Organization's deposits may not be recovered. As of June 30, 2021, the carrying amount of the Organization's bank deposits was $1,696,607. Of the total bank balance, $990,327 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining $706,280 was collateralized with pooled securities held by the financial institutions' trust departments. These securities are held by an agent in the name of the Organization or securities pledged by the financial institution in the name of the Organization.

NOTE 4 – ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

Accounts receivable in the amount of $249,052 represent fees for service as of June 30, 2021. Bad debts are written off using the direct write off method when accounts are determined to be uncollectible. In the year ended June 30, 2021, a total of $44,311 was determined to be uncollectible and was written off.

Amount due from other governments as of June 30, 2021 consists of the following:

Georgia Vocational Rehabilitation	$1,250
Georgia Grant in Aid Retirement	12,433
State Grant in Aid	18,605
Other	12,023
Total	$ 44,311

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance at July 1, 2019	Additions	Reductions	Balance at June 30, 2020
Non-depreciable capital assets:	$ 0	$ 0	$ 0	$ 0
Depreciable capital assets:				
Equipment	86,203	0	80,417	5,786
Vehicles	99,775	46,227	58,125	87,877
Total depreciable capital assets	185,978	46,227	138,542	93,663
Less accumulated depreciation:				
Equipment	(77,702)	(7,887)	80,417	(5,172)
Vehicles	(60,065)	(10,513)	58,125	(12,453)
Total accumulated depreciation	(137,767)	(18,400)	138,542	(17,625)
Depreciable capital assets, net	48,211	27,827	0	76,038
Total capital assets, net	$ 48,211	$ 27,827	$ 0	$ 76,038

NOTE 6 – ACCRUED EXPENSES

Accrued expenses consists of wages payable, payroll related taxes and withholdings, and travel payable.

NOTE 7 – OPERATING LEASE

The Organization leases office equipment under two operating leases. A postage meter operating lease expired in 2015, but the entity has continued to lease the equipment on a month-to-month basis. There is also a copier operating lease expiring in 2022. Total costs for such leases were approximately $ 2,886 for the year ended June 30, 2021.

The future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2021 are as follows:

Year ending June 30	Amounts
2021	0
Total minimum future rental payments	$ 0

NOTE 8 – COMPENSATED ABSENCES

Changes in compensated absences were as follows:

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021
Governmental Activities:				
Compensated Absences	$242,075	$93,894	$ 72,607	$263,362
Total	$242,075	$93,894	$ 72,607	$263,362

Of the compensated absences balance at June 30, 2020:

Current Portion of Compensated Absences	Long-Term Portion of Compensated Absences	Total Compensated Absences
$70,047	$193,315	$263,362

NOTE 9 – RETIREMENT BENEFITS

Diversified Enterprises participates in retirement plans administered by the State under two major retirement systems: Employees' Retirement System of Georgia (the ERS System) and Teachers Retirement System of Georgia (the TRS System). These two systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained by visiting the following websites: Employee's Retirement System (www.ers.ga.gov) and Teachers Retirement System (www.trsga.com).

Details of the significant retirement plans that the Department of Community Health participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.

General Information about the Employees' Retirement System

Plan description – ERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/financials.

Benefits provided – The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefit are also available through ERS.

Contributions – Member contributions under the old plan are 4% of annual compensation, up to $4,200, plus 6% of annual compensation in excess of $4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Organization's total required contribution rate for the year ended June 30, 2021 was 24.66% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. The Organization's contributions to ERS totaled $156,079 for the year ended June 30, 2021. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Teachers Retirement System of Georgia

Plan description – All teachers as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided a pension through the TRS. TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Benefits provided – TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as two percent of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions – Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The organizations contributions to TRS were $13,204 for the year ended June 30, 2021.

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

At June 30, 2021, the Organization reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 was determined using standard roll-forward techniques. The Organization's proportion of the net pension liability was based on contributions during the fiscal year ended June 30, 2020. The Organization's proportion of the net pension liability for both plans:

	ERS	TRS
Proportionate share of net pension liability	1,134,540	122,089
Proportion of net pension liability	0.026917%	0.000504%
Increase/(decrease) from proportion measured as of June 30, 2019	0.003065%	(0.000018%)
Recognized pension expense	$ 227,793	$ 37,519

For the year ended June 30, 2021, the Organization recognized pension expense of $263,424. At June 30, 2021, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		**TRS**	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 13,820	$ 0	$ 5,317	$ 0
Changes of Assumptions	0	0	12,575	0
Net difference between projected and actual earnings on pension plan investments	16,026	0	2,941	0
Changes in proportion and differences between Employer contributions and proportionate share of contributions	81,610	0	22,782	3,923
Employer contributions subsequent to the measurement date	156,079	0	13,204	0
Total	$ 267,535	$ 0	$ 56,819	$ 3,923

Organization contributions subsequent to the measurement date of $156,079 for ERS and $13,204 for TRS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	ERS	TRS
2022	$ 45,457	$ 21,350
2023	33,385	9,983
2024	18,599	6,052
2025	14,015	2,307
2026	0	0
Thereafter	0	0

ERS Actuarial assumptions – The total pension liabilities as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019. Therefore, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25 – 7.00%, including inflation
Investment rate of return	7.30% net of pension plan investment expense, Including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009- June 30, 2014, with the exception of the assumed rate of return.

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 nominal returns, net of pension plan investment expense, and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.10)%
Domestic large equities	46.20	8.90
Domestic small equities	1.30	13.20
International developed market equities	12.40	8.90
International emerging market equities	5.10	10.90
Alternatives	5.00	12.00
Total	100.00%	

* Rates shown are net of inflation

TRS Actuarial assumptions – The total pension liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.00 – 8.75%
Investment rate of return	7.25% net of pension plan investment expense, Including inflation
Postretirement benefit increases	1.5% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the long-term assumed rate of return on assets (discount rate) which was changed from 7.50% to 7.25%, and the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

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 nominal returns, net of pension plan investment expense and the assumed rate of inflations) 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.

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.10)%
Domestic large equities	51.00	8.90
Domestic small equities	1.50	13.20
International developed market equities	12.40	8.90
International emerging market equities	5.10	10.90
Total	100.00%	

* Rates shown are net of inflation

Discount Rate – The discount rate used to measure the total pension liability was 7.25%. 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 employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Organization's proportionate share of the net pension liability to changes in the discount rate – The following presents the Organization's proportionate share of the net pension liability calculated using the discount rate of 7.30% for ERS and 7.25% for TRS, as well as what the Organization's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

ERS	1% Decrease (6.30%)	Current discount rate (7.30%)	1% Increase (8.30%)
Employer's proportionate share of the net pension liability	$ 1,596,098	$ 1,134,540	$ 740,654

TRS	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
Employer's proportionate share of the net pension liability	$ 193,603	$ 122,089	$ 63,467

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publicly available at www.ers.ga.gov/financials.

NOTE 10 – OPEB

Employees and retirees are eligible to participate in two post employment benefit plans as described below.

A. General Information about the SEAD-OPEB plan

Plan description – SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employees' Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than OPEB Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

Benefits provided – The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964 is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Contributions – Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the Organization reported an asset of $63,004 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2019. An expected total OPEB asset as of June 30, 2020 was determined using standard roll-forward techniques. The Organization's proportion of the net OPEB asset was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2020. At June 30 2020, the Organization's proportion was 0.022183%, which was an increase of 0.002764% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Organization recognized OPEB expense of ($7,354). At June 30, 2021, the Organization 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 expected and actual experience	$ 16	$ 586
Changes of assumptions	0	0
Net difference between projected and actual earnings on OPEB plan investments	1,117	0
Changes in proportion and differences between Employer contributions and proportionate share of contributions	0	4,409
Employer contributions subsequent to the measurement date	0	0
Total	$ 1,133	$ 4,995

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

Year ended June 30:	
2022	$ (5,605)
2023	(601)
2024	1,315
2025	1,031
2026	0
Thereafter	0

Actuarial assumptions – The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases:	
ERS	3.25 – 7.00%
GJRS	4.50%
LRS	N/A
Investment rate of return	7.30%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	N/A

Postretirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. There is a margin for future mortality improvement in the tables used by the plan.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the long-term assumed rate of return and the assumed annual rate of inflation.

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

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.10)%
Domestic large equities	46.20	8.90
Domestic small equities	1.30	13.20
International developed market equities	12.40	8.90
International emerging market equities	5.10	10.90
Alternatives	5.00	12.00
Total	100.00 %	

* Rates shown are net of inflation

Discount rate – The discount rate used to measure the total OPEB liability was 7.30%. 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 employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate – The following presents the Organization's proportionate share of the net OPEB liability calculated using the discount rate of 7.30 %, as well as what the Organization's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.30 %) or 1- percentage-point higher (8.30 %) than the current rate:

	1% Decrease (6.30%)	Current discount rate (7.30%)	1% Increase (8.30%)
Employer's proportionate share of the net OPEB liability	$ (34,948)	$ (63,004)	$ (86,132)

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS comprehensive annual financial report which is publicly available at www.ers.ga.gov/financials.

B. *General Information about the State OPEB Fund*

Plan description: Employees of State organizations as defined in 45-18-25 of the *Official Code of Georgia Annotated* (O.C.G.A.) are provided OPEB through the State OPEB Fund – a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 45 of *O.C.G.A.* assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

Benefits provided: The State OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with the Department of Community Health (DCH) for inclusion in the plan. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The State OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

Contributions: As established by the Board, the State OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the State OPEB Fund from the Employer Agency were $39,704 for the year ended June 30, 2021. Active employees are not required to contribute to the State OPEB Fund.

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

At June 30, 2021, the Employer Agency reported a liability of $304,105 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020 was determined using standard roll-forward techniques. The Employer Agency's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2020. At June 30, 2020, the Employer Agency's proportion was 0.027022% which was an increase (decrease) of 0.002692% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Employer Agency recognized OPEB expense of ($330,855). At June 30, 2021, the Employer Agency 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 expected and actual experience	$ 0	$ 114,983
Changes of assumptions	5,507	187,077
Net difference between projected and actual earnings on OPEB plan investments	29,857	0
Changes in proportion and differences between Employer Agency contributions and proportionate share of contributions	71,860	127,947
Employer contributions subsequent to the measurement date	39,704	0
Total	$ 146,928	$ 430,007

Employer Agency contributions subsequent to the measurement date of $39,704 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	$ (233,911)
2023	(88,063)
2024	(6,547)
2025	5,738
2026	0
Thereafter	0

Actuarial assumptions: The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Inflation	2.75%
Salary increases:	3.25 – 7.00%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	5.25%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

For ERS, JRS and LRS members: The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward 2 years for both males and females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB and set back 7 years for males and set forward 3 years for females is used for the period after disability retirement. There is a margin for future mortality improvement in the tables used by the plan. Rates of mortality in active services were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014, and adopted by the pension board on December 17, 2015. The next experience study for ERS will be for the period ending June 30, 2019.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Projection of benefits for financial reporting purposed are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of 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. During the fiscal year 2018, the State OPEB fund updated their investment strategy to a more long-term approach. The target allocation and best estimates of arithmetic real rales of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	0.50%
Equities	70.00	9.20
Total	100.00 %	

* Rates shown are net of inflation

Discount rate: The discount rate has changed since the prior measurement date from 7.30% to 7.06%. In order to measure the total OPEB liability for the State OPEB Fund, a single equivalent interest rate of 7.06% was used as the discount rate. The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees indefinitely. Therefore, the calculated discount rate of 7.06% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer Agency's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the Employer Agency's proportionate share of the net OPEB liability calculated using the discount rate of 7.06%, as well as what the Employer Agency's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (6.06%)	Current discount rate (7.06%)	1% Increase (8.06%)
Net OPEB liability (asset)	$ 381,169	$ 304,105	$ 238,401

Sensitivity of the Employer Agency's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the Employer Agency's proportionate share of the net OPEB liability, as well as what the Employer Agency's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost rend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current discount rate	1% Increase
Net OPEB liability (asset)	$ 228,529	$ 304,105	$ 393,661

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the Comprehensive Annual Financial Report (CAFR) which is publicly available at https://sao.georgia.gov/comprehensive-annual-financial-reports.

NOTE 11 – RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major risks. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or any previous year.

Existing litigation in which the Organization is a defendant is covered by insurance, and the attorney does not expect any potential loss to exceed the limits of coverage or to have a material impact on the financial statements.

NOTE 12 – AGENCY FUND

Diversified Enterprises maintains an Agency Fund, whereby it manages bank accounts for a portion of their clients who primarily receive monthly Social Security benefits. The Organization monitors and reconciles these accounts on a monthly basis.

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, Tift County BOH dba Diversified Enterprises has evaluated events and transactions for potential recognition or disclosure through November 17,2021, the date when the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
General Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2021

	Budget	Actual on Budgetary Basis	Variance Over (Under)
REVENUES			
Grant-in-aid	$ 545,664	$ 605,246	$ 59,582
Medicaid	4,580,412	3,253,956	(1,326,456)
Contracts	0	0	0
Interest	3,300	673	(2,627)
Other local funds	165,120	161,954	(3,166)
Grant Disaster Relief	0	121,125	121,125
TOTAL REVENUES	5,294,496	4,142,954	(1,151,542)
EXPENDITURES			
Personnel services	2,935,550	2,624,070	(311,480)
Administrative and clerical	275,898	211,418	(64,480)
Contract services	1,117,955	1,017,006	(100,949)
Insurance and bonding	312,120	259,895	(52,225)
Repairs and maintenance	8,520	20,301	11,781
Direct benefit to clients	45,300	44,914	(386)
Travel	19,404	32,313	12,909
Capital outlay	0	64,642	64,642
Occupancy	139,672	138,888	(784)
Vehicle expense	75,444	7,083	(68,361)
Bad debt expense	0	156,082	156,082
Other operating	208,125	257,099	48,974
TOTAL EXPENDITURES	5,137,988	4,833,711	(304,277)
Excess (Deficiency) of Revenues over Expenditures	$ 156,508	$ (690,757)	$ (847,265)
OTHER FINANCING SOURCES			
Contribution		46,227	
NET CHANGE IN FUND BALANCE		(644,530)	
Fund Balance - July 1, 2020		1,283,319	
Prior Year Program Income Utilized		1,130,423	
FUND BALANCE - June 30, 2021		$ 1,769,212	

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

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES OF TIFTON
Schedule of Contributions State OPEB Fund
For the Year Ended June 30, 2021

	2021	2020	2019
Contractually required contribution	$40,664	$130,087	$118,241
Contributions in relation to the contractually required contribution*	40,664	130,087	118,241
Contribution deficiency (excess)	0	0	0
Employer Agency's covered payroll	766,794	793,231	783,144
Contributions as a percentage of covered payroll	5.30%	16.40%	15.01%

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES OF TIFTON
Schedule of Proportionate Share of the Net OPEB Liability State OPEB Fund
For the Year Ended June 30, 2021

	2021	2020	2019
Employer Agency's proportion of the net OPEB liability	0.027022%	0.02357%	0.02433%
Employer Agency's proportionate share of the net OPEB liability (assets)	$ 304,105	$ 616,599	$ 302,012
Employer Agency's covered payroll	$ 766,794	$ 783,144	$ 793,231
Employer Agency's proportionate share of the net OPEB liability as a percentage of its covered payroll	39.66%	78.73%	38.07%
Plan fiduciary net position as a percentage of the total OPEB liability	59.71%	31.48%	56.57%

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES OF TIFTON
Schedule of Contributions SEAD OPEB Fund
For the Year Ended June 30, 2021

	2021	2020	2019
Contractually required contribution (CRC)*	0	0	0
Contributions in relation to the contractually required contribution*	0	0	0
Contribution deficiency (excess)	0	0	0
Employer Agency's covered payroll (CP)**	0	0	0
Contributions as a percentage of covered payroll (CP)**	0	0	0

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES OF TIFTON
Schedule of Proportionate Share of the Net OPEB Liability SEAD OPEB Fund
For the Year Ended June 30, 2021

	2021	2020	2019
Employer Agency's proportion of the net OPEB liability	0.022183%	0.019419%	0.018832%
Employer Agency's proportionate share of the net OPEB liability (assets)	$ (63,004)	$ (54,910)	$ (50,968)
Employer Agency's covered payroll (CP)*	$ 0	$ 0	$ 0
Employer Agency's proportionate share of the net OPEB liability as a percentage of its covered payroll	0	0	0
Plan fiduciary net position as a percentage of the total OPEB liability	129.20%	129.73%	129.46%

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES OF TIFTON
Schedule of Contributions Employees' Retirement System
For the Year Ended June 30, 2021

	2021	2020	2019
Contractually required contribution	$ 156,079	$ 167,354	$ 167,418
Contributions in relation to the contractually required contribution	$ 156,079	$ 167,354	$ 181,077
Contribution deficiency (excess)	$ 0	$ 0	$ (13,659)
Agency's covered payroll	$ 687,664	$ 728,416	$ 719,153
Contributions as a percentage of covered payroll	22.70%	22.72%	25.17%

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES OF TIFTON

Schedule of Proportionate Share of the Net Pension Liability Employees' Retirement System
For the Year Ended June 30, 2021

	2021	2020	2019
Agency's proportion of the net pension liability	0.026917%	0.023852%	0.023041%
Agency's proportionate share of the net pension liability	$ 1,134,540	$ 984,260	$ 947,429
Agency's covered payroll	$ 687,664	$ 728,416	$ 719,153
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	1.65%	1.35%	1.32%
Plan fiduciary net position as a percentage of the total pension liability	76.21%	76.74%	76.68%

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES OF TIFTON
Schedule of Contributions Teacher's Retirement System
For the Year Ended June 30, 2021

	2021	2020
Contractually required contribution	$ 13,204	$ 13,724
Contributions in relation to the contractually required contribution	$ 13,204	$ 13,724
Contribution deficiency (excess)	$ 0	$ 0
Agency's covered payroll	$ 64,921	$ 70,225
Contributions as a percentage of covered payroll	20.34%	0.1954%

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES OF TIFTON

Schedule of Proportionate Share of the Net Pension Liability Teacher's Retirement System

For the Year Ended June 30, 2021

	2021	**2020**
Agency's proportion of the net pension liability	0.000504%	0.000522%
Agency's proportionate share of the net pension liability	$ 122,089	$ 112,244
Agency's covered payroll	$ 64,921	$ 70,225
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	1.881%	1.598%
Plan fiduciary net position as a percentage of the total pension liability	77.01%	78.56%

NOTE 1 – BUDGET PROCESS

An annual budget is adopted by the entity for the General Fund as required by the grant contract. The budget is adopted on a budgetary basis. The difference between the GAAP and the budgetary basis is that the encumbrances are treated as expenditures and prior year fund balances are shown as current year revenues. The budget can be modified by management at all levels based on the needs of the programs within the limitations of the grant contract specifications and approval by the granting agency.

NOTE 2 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance—Budgetary Basis and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the GAAP basis are as follows:

- Prior year program income is recognized as current year revenue.
- Encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP basis to the budgetary basis are as follows:

	General
GAAP Excess (Deficiency) of Revenues over Expenditures	$ 143,896
Prior Year Program Income	(1,472,324)
Non-GAAP Budgetary Basis Deficiency of Revenues Under Expenditures	$ (1,328,428)

NOTE 3 – CHANGES OF ASSUMPTIONS FOR STATE OPEB PLAN

June 30, 2017 valuation: the June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Fund and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB fund based on their last employer payroll location: irrespective of retirement affiliation.

June 30, 2019 valuation: The inflation assumption was lowered from 2.75% to 2.50% in anticipation of the upcoming ERS Experience Study. Additionally, decremental assumptions were changed to reflect the Teachers Retirement Systems experience study. Approximately 6.0% of employees are members of the Teachers Retirement System.

The discounted rate was updated from 3.09% as of June 30, 2016, to 3.60% as of June 30, 2017, to 5.22% as of June 30, 2018, to 7.30% as of June 30, 2019, and to 7.06% as of June 30, 2020.

NOTE 4 – CHANGES OF ASSUMPTIONS FOR SEAD OPEB PLAN

Changes of assumptions: On December 17, 2015, the Board of Trustees adopted recommended changes to the economic and demographic assumptions utilized by the Plan. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of June 30, 2018 Measurement Date. The assumed investment rate of return remained at 7.30% for the June 30,2019 actuarial valuation.

NOTE 5 – CHANGES OF ASSUMPTIONS FOR EMPLOYEE RETIREMENT SYSTEM PENSION PLAN

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 Measurement Date. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuation.

SUPPLEMENTARY INFORMATION

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
General Fund
Balance Sheet
June 30, 2021

ASSETS		
Cash	$	1,696,607
Accounts receivable		249,052
Due from other governments		44,311
TOTAL ASSETS	$	1,989,970
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	19,710
Accrued expenses		223,417
Total Liabilities		243,127
Fund Balance		
Unassigned		1,746,843
Total Fund Balance		1,746,843
TOTAL LIABILITIES AND FUND BALANCE	$	1,989,970

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
General Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2021

	GAAP Actual	Difference in Budget Basis and GAAP	Actual on Budgetary Basis	Budget	Variance with Final Budget Over (Under)
REVENUES					
Grant-in-aid	$ 605,246	$ 0	$ 605,246	$ 545,664	$ 59,582
Medicaid	4,384,379	(1,130,423)	3,253,956	4,580,412	(1,326,456)
Event Disaster Relief	121,125	0	121,125	0	121,125
Interest income	673	0	673	3,300	(2,627)
Other local funds	161,954	0	161,954	165,120	(3,166)
TOTAL REVENUES	5,273,377	(1,130,423)	4,142,954	5,294,496	(1,151,542)
EXPENDITURES					
Personnel services	2,624,070	-	2,624,070	2,935,550	(311,480)
Administrative and clerical	211,418	-	211,418	275,898	(64,480)
Contract services	1,017,006	-	1,017,006	1,117,955	(100,949)
Insurance and bonding	259,895	-	259,895	312,120	(52,225)
Repairs and maintenance	20,301	-	20,301	8,520	11,781
Direct benefit to clients	44,914	-	44,914	45,300	(386)
Travel	32,313	-	32,313	19,404	12,909
Capital outlay	64,642	-	64,642	0	64,642
Occupancy	138,888	-	138,888	139,672	(784)
Vehicle expense	7,083	-	7,083	75,444	(68,361)
Bad debt expense	156,082	-	156,082	0	156,082
Other operating	257,099	-	257,099	208,125	48,974
TOTAL EXPENDITURES	4,833,711	0	4,833,711	5,137,988	(304,277)
Excess (Deficiency) of Revenues over Expenditures	439,666	(1,130,423)	(690,757)	156,508	(847,265)
OTHER FINANCING SOURCES					
Contribution	46,227	0	46,227		0
NET CHANGE IN FUND BALANCE	485,893	(1,130,423)	(644,530)		(847,265)
Fund Balance - July 1, 2020	1,283,319	-	1,283,319		1,283,319
Prior Year Program Income Utilized	-	1,130,423	1,130,423		1,130,423
FUND BALANCE - June 30, 2021	$ 1,769,212	$ 0	$ 1,769,212		$ 1,566,477

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
General Fund
Schedule of Change in Fund Balance (Non-GAAP Budgetary Basis)
Year Ended June 30, 2021

	Operating Fund	Prior Year Program Income	Total
Fund balance, beginning of year	$ 2,413,742	$ (1,130,423)	$ 1,283,319
Additions			
Revenues	5,273,377	0	5,273,377
Contribution	46,227	0	46,227
Transfer prior year program income	(1,130,423)	(1,283,319)	(2,413,742)
Deductions			
Expenditures	4,833,711	0	4,833,711
Transfer prior year program income	(1,283,319)	(1,130,423)	(2,413,742)
FUND BALANCE, END OF YEAR	$ 3,052,531	$ (1,283,319)	$ 1,769,212

ADDITIONAL SUPPLEMENTARY INFORMATION

HERRING
CPA GROUP, P.C.
Certified Public Accountants & Consultants

GERALD N. HERRING, JR., C.P.A.
CHARLES W. POWELL, III, C.P.A.
DAVID L. DEARISO, C.P.A.
TONY QUINNEY, C.P.A.
JAMES H. HERRING, C.P.A.

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
THE GEORGIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
TIFTON, GEORGIA
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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 Advisory Board
Tift County BOH dba Diversified Enterprises, Georgia
A Component Unit of Tift County Board of Health

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 and each major fund of Tift County BOH dba Diversified Enterprises, Georgia, a component unit of Tift County Board of Health, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Tift County BOH dba Diversified Enterprises' basic financial statements and have issued our report thereon dated November 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tift County BOH dba Diversified Enterprises' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tift County BOH dba Diversified Enterprises' internal control. Accordingly, we do not express an opinion on the effectiveness of Tift County BOH dba Diversified Enterprises' 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tift County BOH dba Diversified Enterprises' 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

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Government Auditing Standards and which are described in the accompanying Schedule of Findings and Responses as item 2021-1.

Tift County BOH dba Diversified Enterprises' Response to Findings

Tift County BOH dba Diversified Enterprises' response to the findings identified in our audit is described in accompanying Schedule of Findings and Responses. Tift County BOH dba Diversified Enterprises' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This 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.

Herring CPA Group, P.C.

Herring CPA Group, P.C.
Tifton, Georgia
November 17, 2021

TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES
Schedule of Findings and Responses
June 30, 2021

SECTION I—SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

SECTION II—FINANCIAL STATEMENT FINDINGS

Significant Deficiencies

2021-1 Segregation of duties

Criteria – Segregation of duties is a key internal control whereby the authorization, custody, record keeping, and reconciling duties are separated among several persons.

Condition – There is not appropriate segregation of duties between recording, distribution, and reconciliation of cash accounts and other operational functions in certain areas.

Effect – The possibility that errors or irregularities will occur and not be detected on a timely basis in the normal course of business.

Cause – The limited number of personnel to perform all of the required duties.

Recommendation – Segregation of duties should be implemented to the extent practical and accounting records should be reviewed by responsible officials on a regular basis.

Management's Response – The Organization concurs with the recommendation. Management will work to continually improve and implement as many procedures as possible to improve internal controls in this area.