

**TIFT COUNTY BOH dba  
DIVERSIFIED ENTERPRISES**

**(A Component Unit of Tift County Board of Health)**

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**Financial Statements and  
Required Supplementary Information**

**Year Ended June 30, 2022**

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Table of Contents**  
**June 30, 2022**

<b>Independent Auditor's Report</b>	1-3
<b>Basic Financial Statements</b>	
Statement of Net Position	4
Statement of Activities and Change in Net Position	5
<i>Governmental Funds</i>	
Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Change in Fund Balance	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities	9
Agency Fund	10
<b>Notes to Financial Statements</b>	11-29
<b>Required Supplementary Information</b>	
<i>General Fund</i>	
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	30-32
Schedule of Contributions - State OPEB Fund	33
Schedule of Proportionate Share of the Net OPEB Liability - State OPEB Fund	34
Schedule of Contributions - SEAD OPEB Fund	35
Schedule of Proportionate Share of the Net OPEB Liability - SEAD OPEB Fund	36
Schedule of Contributions - Employees' Retirement System	37
Schedule of Proportionate Share of the Net Pension Liability - Employees' Retirement System	38
Schedule of Contributions - Teacher's Retirement System	39
Schedule of Proportionate Share of the Net Pension Liability - Teacher's Retirement System	40
Notes to Required Supplementary Information	41-43
<b>Supplementary Information</b>	
<i>General Fund</i>	
Balance Sheet	44
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	45-47
Schedule of Change in Fund Balance (Non-GAAP Budgetary Basis)	48

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**

**Table of Contents**

**June 30, 2022**

**Additional Supplementary Information**

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 <i>Government Auditing Standards</i>	49-50
Schedule of Findings and Responses	51

INDEPENDENT AUDITOR'S REPORT

To the Advisory Board  
Tift County BOH dba Diversified Enterprises  
A Component Unit of the Tift County Board of Health  
192 Virginia Ave. South Ste. 100  
Tifton, Georgia 31794

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Tift County BOH dba Diversified Enterprises, a component unit of Tift County Board of Health, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Tift County BOH dba Diversified Enterprises' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Tift County BOH dba Diversified Enterprises, a component unit of Tift County Board of Health, as of June 30, 2022, 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.

**Basis for Opinion**

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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements of our report. We are required to be independent of Tift County BOH dba Diversified Enterprises, a component unit of Tift County Board of Health, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tift County BOH dba Diversified Enterprises, a component of Tift County Board of Health's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tift County BOH dba Diversified Enterprises, a component of Tift County Board of Health's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 State 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United State of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tift County BOH dba Diversified Enterprises, a component of Tift County Board of Health's basic financial statements. The schedule of projects constructed with special purpose local option sales tax proceeds, the community development block grant budget to actual funds schedule and the community development block grant source and application of funds schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the schedule of projects constructed with special purpose local option sales tax proceeds, the community development block grant budget to actual funds schedule and the community development block grant source and application of funds schedule 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 June 30, 2022, on our consideration of Tift County BOH dba Diversified Enterprises, a component of Tift County Board of Health's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tift County BOH dba Diversified Enterprises, a component of Tift County Board of Health's internal control over financial reporting or on compliance. That report is an integral part of and audit performed in accordance with Government Auditing Standards in considering Tift County BOH dba Diversified Enterprises, a component of Tift County Board of Health's internal control over financial reporting and compliance.



Herring CPA Group, P.C.  
Tifton, GA  
November 18, 2022

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Statement of Net Position**  
**June 30, 2022**

	Primary Government
	Governmental Activities
<b><u>ASSETS</u></b>	
<b>Current Assets</b>	
Cash	\$ 2,095,811
Accounts receivable	79,275
Due from other governments	111,718
Prepaid Insurance	25,495
Total Current Assets	2,312,299
<b>Non-Current Assets</b>	
Capital assets - net	62,567
Total Non-Current Assets	62,567
Total Assets	2,374,866
<b>Deferred Outflows of Resources</b>	530,013
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,904,879</b>
<b><u>LIABILITIES</u></b>	
<b>Current Liabilities</b>	
Accounts payable	12,793
Accrued expenses	240,115
Compensated absences payable	107,333
Total Current Liabilities	360,241
<b>Long-Term Liabilities</b>	
Compensated absences payable	164,251
Net pension liability	662,212
Net OPEB liability	(84,616)
Total Long-Term Liabilities	741,847
<b>TOTAL LIABILITIES</b>	<b>1,102,088</b>
<b>Deferred Inflows of Resources</b>	<b>1,029,566</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>2,131,654</b>
<b><u>NET POSITION</u></b>	
Net Investment in capital assets	62,567
Unrestricted	710,658
<b>TOTAL NET POSITION</b>	<b>\$ 773,225</b>

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, 2022**

Function/Program	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Interest	Governmental Activities
<b>Governmental Activities</b>				
Health	<u>4,465,699</u>	<u>4,648,598</u>	<u>472,677</u>	<u>655,576</u>
Total Governmental Activities	<u>4,465,699</u>	<u>4,648,598</u>	<u>472,677</u>	<u>655,576</u>
CHANGE IN NET POSITION				655,576
Net Position - June 30, 2021				<u>117,649</u>
NET POSITION - June 30, 2022				<u>\$ 773,225</u>

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, 2022**

	General	Total Governmental Funds
<b><u>ASSETS</u></b>		
Cash	\$ 2,095,811	\$ 2,095,811
Accounts receivable	79,275	79,275
Due from other governments	111,718	111,718
Prepaid Insurance	25,495	25,495
<b>TOTAL ASSETS</b>	<b>\$ 2,312,299</b>	<b>\$ 2,312,299</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 12,793	\$ 12,793
Accrued expenses	240,115	240,115
Total Liabilities	252,908	252,908
<b>Fund Balance</b>		
Unassigned	2,059,391	2,059,391
Total Fund Balances	2,059,391	2,059,391
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,312,299</b>	<b>\$ 2,312,299</b>

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, 2022**

TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,059,391
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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	92,310	
Accumulated depreciation on assets	<u>(29,743)</u>	62,567

Pension related deferred outflows and inflows of resources are not reported in governmental funds.

Proportionate share of pension liability		(662,212)
Deferred inflow of resources		(651,134)
Deferred outflow of resources		432,523

OPEB related deferred outflows and inflows of resources are not reported in governmental funds.

Proportionate share of net OPEB liability		84,616
Deferred inflow of resources		(378,432)
Deferred outflow of resources		97,490

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		(107,333)
Long-term liability		<u>(164,251)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 773,225</u>
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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, 2022**

	<u>General</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>		
Intergovernmental	\$ 458,178	\$ 458,178
Charges for services	4,648,598	4,648,598
Interest income	649	649
Room and Board	<u>13,850</u>	<u>13,850</u>
<b>TOTAL REVENUES</b>	<u>5,121,275</u>	<u>5,121,275</u>
<b><u>EXPENDITURES</u></b>		
<b>Current</b>		
Health	<u>4,831,096</u>	<u>4,831,096</u>
<b>TOTAL EXPENDITURES</b>	<u>4,831,096</u>	<u>4,831,096</u>
Excess (Deficiency) of Revenues over Expenditures	290,179	290,179
<b>CHANGE IN FUND BALANCE</b>	290,179	290,179
Fund Balance - July 1, 2021	<u>1,769,212</u>	<u>1,769,212</u>
<b>FUND BALANCE - June 30, 2022</b>	<u>\$ 2,059,391</u>	<u>\$ 2,059,391</u>

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, 2022**

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NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 290,179

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	(15,594)	
Capital Expenditures	2,123	

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	(8,222)	
Change in net pension liability	594,417	
Change in net OPEB asset/liability	325,716	
Change in deferred outflows	57,598	
Change in deferred inflows	<u>(590,641)</u>	<u>378,868</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 655,576

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, 2022**

	<u>Savings</u>	<u>Checking</u>	<u>Total</u>
Beginning Balance	\$ 116,366	\$ 64,687	\$ 181,053
Deposits	34,125	332,079	366,204
Withdrawals	<u>(405)</u>	<u>(349,807)</u>	<u>(350,212)</u>
Ending Balance	<u>\$ 150,086</u>	<u>\$ 46,959</u>	<u>\$ 197,045</u>

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

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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**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 are 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.

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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***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

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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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



**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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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, 2022, the carrying amount of the Organization's bank deposits was \$1,945,558. Of the total bank balance, \$750,000 was insured through the Federal Depository Insurance Corporation (FDIC). The remaining \$1,195,558 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 \$79,275. represent fees for service as of June 30, 2022. Bad debts are written off using the direct write off method when accounts are determined to be uncollectible. In the year ended June 30, 2022, a total of \$135,104. was determined to be uncollectible and was written off.

Amount due from other governments as of June 30, 2022 consists of the following:

Georgia Workers Compensation	\$2,967
Georgia Grant in Aid Retirement	12,432
State Grant in Aid	18,593
Competitive Integrated Employment	6,912
Medicaid Billed After 6-30-22	<u>70,815</u>
<b>Total</b>	<b><u>\$111,719</u></b>

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2022
Non-depreciable capital assets:	\$ 0	\$ 0	\$ 0	\$ 0
Depreciable capital assets:				
Equipment	5,786	2,123	0	7,909
Vehicles	87,877	0	3,476	84,401
Total depreciable capital assets	93,663	2,123	3,476	92,310
Less accumulated depreciation:				
Equipment	(5,172)	(152)	0	(5,324)
Vehicles	(12,453)	(15,442)	3,476	(24,419)
Total accumulated depreciation	(17,625)	(15,594)	3,476	(29,743)
Depreciable capital assets, net	76,038	(13,471)	0	62,567
Total capital assets, net	\$ 76,038	\$ (13,471)	\$ 0	\$ 62,567

**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 \$3,775 for the year ended June 30, 2022.

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, 2022 are as follows:

Year ending June 30	Amounts
2022	0
Total minimum future rental payments	\$ 0

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 8 – COMPENSATED ABSENCES**

Changes in compensated absences were as follows:

	<u>Balance at July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2022</u>
Governmental Activities:				
Compensated Absences	\$263,362	\$115,555	\$ 107,333	\$271,584
Total	<u>\$263,362</u>	<u>\$115,555</u>	<u>\$ 107,333</u>	<u>\$271,584</u>

Of the compensated absences balance at June 30, 2022:

<u>Current Portion of Compensated Absences</u>	<u>Long-Term Portion of Compensated Absences</u>	<u>Total Compensated Absences</u>
\$107,333	\$164,251	\$271,584

**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](http://www.ers.ga.gov)) and Teachers Retirement System ([www.trsga.com](http://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](http://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

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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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, 2022 was 24.63% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. The Organization's contributions to ERS totaled \$178,429 for the year ended June 30, 2022. 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](http://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 \$12,985 for the year ended June 30, 2022.

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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

At June 30, 2022, the Organization reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. 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, 2021. The Organization's proportion of the net pension liability for both plans:

	ERS	TRS
Proportionate share of net pension liability	618,079	44,133
Proportion of net pension liability	0.026426%	0.000499%
Increase/(decrease) from proportion measured as of June 30, 2019	0.000491%	(0.000005%)
Recognized pension expense	\$ 116,802	\$ 18,540

For the year ended June 30, 2022, the Organization recognized pension expense of \$136,039. At June 30, 2022, 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	\$ 14,627	\$ 0	\$ 10,532	\$ 0
Changes of Assumptions	177,989	0	8,542	0
Net difference between projected and actual earnings on pension plan investments	0	571,252	0	64,554
Changes in proportion and differences between Employer contributions and proportionate share of contributions	24,795	11,754	4,624	3,574
Employer contributions subsequent to the measurement date	<u>178,429</u>	<u>0</u>	<u>12,985</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 395,840</u></b>	<b><u>\$ 583,006</u></b>	<b><u>\$ 36,683</u></b>	<b><u>\$68,128</u></b>

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

Organization contributions subsequent to the measurement date of \$178,429 for ERS and \$12,985 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, 2023. 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
2023	\$ 8,857	\$ (5,598)
2024	(83,040)	(9,531)
2025	(138,826)	(13,237)
2026	(152,586)	(16,064)
2027	0	0
Thereafter	0	0

**ERS Actuarial assumptions** – The total pension liabilities as of June 30, 2021 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	2.50%
Salary increases	3.00 – 6.75%, including inflation
Investment rate of return	7.00% net of pension plan investment expense, including inflation

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Annuitant	Male:+1; Female:+1	Male:105%; Female:108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female 105%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014- June 30, 2019.

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:

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(1.50)%
Domestic large equities	46.40	9.20
Domestic small equities	1.10	13.40
International developed market equities	11.70	9.20
International emerging market equities	5.80	10.40
Alternatives	5.00	10.60
Total	<u>100.00%</u>	

\* Rates shown are net of inflation

**TRS Actuarial assumptions** – The total pension liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.00 – 8.75% average, including inflation
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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

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.

The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.80)%
Domestic large equities	46.30	9.30
Domestic small equities	1.20	13.30
International developed market equities	11.50	9.30
International emerging market equities	6.00	11.30
Alternatives	5.00	10.60
<b>Total</b>	<b>100.00%</b>	

\* Rates shown are net of inflation

**Discount Rate** – The discount rate used to measure the total pension liability was 7.00% for the ERS and 7.25% for the TRS. 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 7.90% 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:

<b>ERS</b>	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
Employer’s proportionate share of the net pension liability	\$ 1,132,615	\$ 618,079	\$ 182,924
<b>TRS</b>	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
Employer’s proportionate share of the net pension liability	\$ 118,883	\$ 44,135	\$ (17,119)

**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](http://www.ers.ga.gov/financials).



**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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**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, 2022.

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

At June 30, 2022, the Organization reported an asset of \$156,543 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2020. An expected total OPEB asset as of June 30, 2021 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, 2021. At June 30 2021, the Organization's proportion was 0.025420%, which was an increase of 0.003237% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Organization recognized OPEB expense of (\$34,007). At June 30, 2022, the Organization reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 467
Changes of assumptions	0	4,880
Net difference between projected and actual earnings on OPEB plan investments	0	52,238
Changes in proportion and differences between Employer contributions and proportionate share of contributions	0	5,809
Employer contributions subsequent to the measurement date	0	0
Total	\$ 0	\$ 63,394

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:	
2023	\$ (23,557)
2024	(13,278)
2025	(12,688)
2026	(13,871)
2027	0
Thereafter	0

**Actuarial assumptions** – The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases:	
ERS	3.00 – 6.75%
GJRS	3.75%
LRS	N/A
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	N/A

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with the further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Annuitant	Male:+1; Female:+1	Male:105%; Female:108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female 105%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014- June 30, 2020.

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 returns, net of plan investment expense and the 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:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	(1.50)%
Domestic large equities	46.40	9.20
Domestic small equities	1.10	13.40
International developed market equities	11.70	9.20
International emerging market equities	5.80	10.40
Alternatives	5.00	10.60
Total	<u>100.00 %</u>	

\* Rates shown are net of inflation

**Discount rate** – The discount rate used to measure the total OPEB liability was 7.00%. 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

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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 7.00 %, 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 (6.00 %) or 1- percentage-point higher (8.00 %) than the current rate:

	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net OPEB liability	\$ (123,120)	\$ (156,543)	\$(183,834)

**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](http://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 \$45,570 for the year ended June 30, 2022. Active employees are not required to contribute to the State OPEB Fund.

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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

At June 30, 2022, the Employer Agency reported a liability of \$71,927 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 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, 2021. At June 30, 2021, the Employer Agency's proportion was 0.026169% which was an increase (decrease) of 0.000853% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Employer Agency recognized OPEB expense of (\$252,139). At June 30, 2022, 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	\$ 193,669
Changes of assumptions	3,717	75,823
Net difference between projected and actual earnings on OPEB plan investments	0	12,574
Changes in proportion and differences between Employer Agency contributions and proportionate share of contributions	48,203	32,972
Employer contributions subsequent to the measurement date	45,570	0
Total	<u>\$ 97,490</u>	<u>\$ 315,038</u>

Employer Agency contributions subsequent to the measurement date of \$45,570 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, 2023. 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:	
2023	\$ (137,415)
2024	(58,003)
2025	(46,556)
2026	(21,194)
2027	0
Thereafter	0

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

**Actuarial assumptions:** The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 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, 2021:

Inflation	2.50%
Salary increases:	3.00 – 6.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.125%
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 PUB-2010 General Mortality Table for Males or Females, as appropriate, with adjustments:

For ERS, JRS and LRS members: Post-retirement mortality rates for services retirements were based on the Pub 2010-General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub -2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub 2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 158% for females) with the MP-2019 Projection scale applied generationally.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the pension systems, which covered the five year period ending June 30, 2019 and adopted by the pension Board on December 17, 2020.0

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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 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

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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%	0.14%
Equities	70.00	9.20%
Total	<u>100.00 %</u>	

\* Rates shown are net of inflation

**Discount rate:** In order to measure the total OPEB liability, as of June 30, 2021, for the State OPEB fund, a single equivalent interest rate of 7.00% was used, as compared with last year's discount rate of 7.06%. This is comprised of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (2.16% per the Municipal Bond Index Rate) along with other factors. 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 leveraged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2145.

**Sensitivity of the Employer Agency's proportionate share of the net OPEB liability to changes in the discount rate:** The following presents the collective net OPEB liability of the participating employers calculated using the discount rate of 7.00% as well as what the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current discount rate (amounts in thousands).

	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
Net OPEB liability (asset)	\$ 126,576	\$ 71,927	\$ 24,700

**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 collective net OPEB liability of the participating employers, as well as what the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (amounts in thousands):

	1% Decrease	Current discount rate	1% Increase
Net OPEB liability (asset)	\$ 16,791	\$ 71,927	\$ 136,579

**OPEB plan fiduciary net position:** Detailed information about the OPEB plan's fiduciary net position is available in the Annual 2021 State of Georgia Comprehensive Financial Report which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Notes to Financial Statements**  
**June 30, 2022**

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**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**

Tift County BOH dba Diversified Enterprises has several contracts for building rental. These are all for 12 months with no renewal option or transfer of property.

**NOTE 14 – 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 18, 2022, 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, 2022**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Over (Under)</u>
<b><u>REVENUES</u></b>			
Grant-in-aid	\$ 409,728	\$ 458,178	\$ 48,450
Medicaid	4,766,904	3,365,279	(1,401,625)
Room and Board	126,540	0	(126,540)
Interest	720	649	(71)
Vocation Rehab	<u>10,080</u>	<u>13,850</u>	<u>3,770</u>
<b>TOTAL REVENUES</b>	<u>5,313,972</u>	<u>3,837,956</u>	<u>(1,476,016)</u>
<b><u>EXPENDITURES</u></b>			
401K - Peach State Reserves	9,299	9,515	216
Accrediation/licensure	20,389	15,825	(4,564)
Advertising	360	839	479
Advocacy Expense	600	757	157
Appliances - Residential	4,510	3,369	(1,141)
Audits	17,500	18,000	500
AYM Saas Fees	120,000	108,325	(11,675)
Bank Service Charge	6,000	9,579	3,579
Behavior Analyst Contract	36,180	16,742	(19,438)
Cleaning Supplies	5,700	4,572	(1,128)
Clothing Residential	1,560	800	(760)
Computer Software	12,900	19,120	6,220
Contracted Services	6,000	3,500	(2,500)
Direct Benefit To Consumer	6,180	0	(6,180)
Dues & Subscriptions	14,550	11,400	(3,150)
Employee Benefit	4,200	8,484	4,284
Equipment Over (\$1000)	2,400	11,272	8,872
Equipment Under (\$1000)	6,000	9,010	3,010
Fire Extinguishers/First Aid	910	1,184	274
Food	37,150	32,727	(4,423)
GSEP Pension Expense	86,019	99,468	13,449
Host Home Providers	471,600	483,609	12,009
Hourly Employee	251,820	169,991	(81,829)
Hourly Performance Based Pay	6,600	4,288	(2,312)
Inservice/Training	5,110	1,627	(3,483)

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

**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, 2022**

	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Over (Under)</u>
EXPENDITURES Continued			
Insurance & Bonding	75,500	72,271	(3,229)
Insurance Expense	219,408	238,103	18,695
Lease/Purchase	4,200	3,774	(426)
Legal Fees	1,200	7,226	6,026
Maintenance	11,220	16,127	4,907
Medical Pharmacy	53,555	47,696	(5,859)
Medicare Expense	14,436	14,056	(380)
Mileage	22,020	14,500	(7,520)
Misc Expense Res	2,160	288	(1,872)
Motor Vehicle	98,000	16,457	(81,543)
Office Supplies	7,200	3,883	(3,317)
Other Operating	17,470	11,801	(5,669)
Payroll Expense/Staffing Agency	435,180	419,709	(15,471)
Petty Cash Office	120	67	(53)
Petty Cash Residential	120	0	(120)
Postage	600	1,100	500
Printing	1,200	1,704	504
Rent Office	30,000	32,400	2,400
Rent - Residential	60,000	60,335	335
Repairs	3,660	683	(2,977)
Retirement Expense	59,400	81,220	21,820
Salary Employee	817,028	899,448	82,420
Staffing Agency Insurance Exp	14,400	10,316	(4,084)
Salary Performance Based Pay	7,200	0	(7,200)
Social Security Expense	46,860	50,816	3,956
Staff Expense	16,800	8,870	(7,930)
Staffing Agency	1,492,680	1,488,278	(4,402)
Staffing Agency Mileage	35,640	27,194	(8,446)
Staffing Agency Travel	240	168	(72)
Staffing Performance Based Pay	38,200	33,530	(4,670)
Telephone - Office	6,000	4,800	(1,200)
Estimated Medicaid Write Off	120,000	135,104	15,104
Travel	660	10,052	9,392

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

**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, 2022**

	Budget	Actual on Budgetary Basis	Variance Over (Under)
EXPENDITURES Continued			
TRs Expense	12,372	12,985	613
Utilities	50,370	47,794	(2,576)
Program support	0	9,024	9,024
Other	0	5,314	5,314
	<u>4,908,636</u>	<u>4,831,096</u>	<u>(89,534)</u>
TOTAL EXPENDITURES			
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 405,336</u>	<u>\$ (993,140)</u>	<u>\$ (1,386,482)</u>
NET CHANGE IN FUND BALANCE		(993,140)	
Fund Balance - July 1, 2021		1,769,212	
Prior Year Program Income Utilized		<u>1,283,319</u>	
FUND BALANCE - June 30, 2022		<u>\$ 2,059,391</u>	

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, 2022**

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	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$39,701	\$40,664	\$130,087	\$118,241
Contributions in relation to the contractually required contribution*	39,701	40,664	130,087	118,241
Contribution deficiency (excess)	0	0	0	0
Employer Agency's covered payroll	798,630	766,794	793,231	783,144
Contributions as a percentage of covered payroll	4.97%	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, 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Employer Agency's proportion of the net OPEB liability	0.026169%	0.027022%	0.02357%	0.02433%
Employer Agency's proportionate share of the net OPEB liability (assets)	\$ 71,927	\$ 304,105	\$ 616,599	\$ 302,012
Employer Agency's covered payroll	\$ 798,630	\$ 766,794	\$ 783,144	\$ 793,231
Employer Agency's proportionate share of the net OPEB liability as a percentage of its covered payroll	9.01%	39.66%	78.73%	38.07%
Plan fiduciary net position as a percentage of the total OPEB liability	87.58%	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, 2022**

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	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution (CRC)*	\$0	\$0	\$0	\$0
Contributions in relation to the contractually required contribution*	0	0	0	0
Contribution deficiency (excess)	0	0	0	0
Employer Agency's covered payroll (CP)**	0	0	0	0
Contributions as a percentage of covered payroll (CP)**	0	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, 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Employer Agency's proportion of the net OPEB liability	0.025420%	0.022183%	0.019419%	0.018832%
Employer Agency's proportionate share of the net OPEB liability (assets)	\$ (156,543)	\$ (63,004)	\$ (54,910)	\$ (50,968)
Employer Agency's covered payroll (CP)*	\$ 0	\$ 0	\$ 0	\$ 0
Employer Agency's proportionate share of the net OPEB liability as a percentage of its covered payroll	0	0	0	0
Plan fiduciary net position as a percentage of the total OPEB liability	164.76%	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, 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Contractually required contribution	\$178,429	\$ 156,212	\$ 167,354	\$ 167,418
Contributions in relation to the contractually required contribution	<u>\$178,429</u>	<u>\$ 156,212</u>	<u>\$ 167,354</u>	<u>\$ 181,077</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (13,659)</u>
Agency's covered payroll	\$732,876	\$ 687,664	\$ 728,416	\$ 719,153
Contributions as a percentage of covered payroll	24.35%	22.72%	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, 2022**

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	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Agency's proportion of the net pension liability	0.026426%	0.026917%	0.023852%	0.023041%
Agency's proportionate share of the net pension liability	\$ 618,079	\$ 1,134,540	\$ 984,260	\$ 947,429
Agency's covered payroll	\$ 732,876	\$ 687,664	\$ 728,416	\$ 719,153
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	84.34%	164.98%	135.12%	131.74%
Plan fiduciary net position as a percentage of the total pension liability	87.62%	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, 2022**

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	<b>2022</b>	<b>2021</b>	<b>2020</b>
Contractually required contribution	\$12,985	\$ 12,374	\$ 13,724
Contributions in relation to the contractually required contribution	<u>\$12,985</u>	<u>\$ 12,374</u>	<u>\$ 13,724</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Agency's covered payroll	\$65,754	\$ 64,921	\$ 70,225
Contributions as a percentage of covered payroll	19.75%	19.06%	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, 2022**

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	<b>2022</b>	<b>2021</b>	<b>2020</b>
Agency's proportion of the net pension liability	0.000499%	0.000504%	0.000522%
Agency's proportionate share of the net pension liability	\$ 44,133	\$ 122,089	\$ 112,244
Agency's covered payroll	\$ 65,754	\$ 64,921	\$ 70,225
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	67.62%	188.06%	154.83%
Plan fiduciary net position as a percentage of the total pension liability	92.03%	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:

	<u>General</u>
GAAP Excess (Deficiency) of Revenues over Expenditures	\$ 300,330
Prior Year Program Income	<u>(1,283,319)</u>
Non-GAAP Budgetary Basis Deficiency of Revenues Under Expenditures	<u>\$ ( 982,998)</u>

## NOTE 3 – CHANGES OF ASSUMPTIONS FOR STATE OPEB PLAN

June 30, 2020 valuation: Decremental assumptions were changed to reflect the Employees Retirement System experience study.

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.

June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised.

June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES OF TIFTON**  
**Notes to Required Supplementary Information**  
**June 30, 2022**

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June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

The discount 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, and to 7.00% as of June 30, 2021.

**NOTE 4 – CHANGES OF ASSUMPTIONS FOR SEAD OPEB PLAN**

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).

A new funding policy was initially adopted by the Board on March 15, 2018. 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 and further reduced from 7.40% to 7.30% to the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021, total OPEB Liability.

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

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

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. 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).

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on June 18, 2020. 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 and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES OF TIFTON**  
**Notes to Required Supplementary Information**  
**June 30, 2022**

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of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

**NOTE 6 – CHANGES OF ASSUMPTIONS FOR TEACHERS RETIREMENT SYSTEM OF GEORGIA PENSION PLAN**

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

On November 18, 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. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

## SUPPLEMENTARY INFORMATION



**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**General Fund**  
**Balance Sheet**  
**June 30, 2022**

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ASSETS

Cash	\$ 2,095,811
Accounts receivable	79,275
Other Receivables	111,718
Prepaid Insurance	<u>25,455</u>

TOTAL ASSETS \$ 2,312,259

LIABILITIES AND FUND BALANCE

**Liabilities**

Accounts payable	\$ 12,793
Accrued expenses	<u>240,115</u>
 Total Liabilities	 <u>252,908</u>

**Fund Balance**

Unassigned	<u>2,059,391</u>
 Total Fund Balance	 <u>2,059,391</u>

TOTAL LIABILITIES AND FUND BALANCE \$ 2,312,299

**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, 2022**

	GAAP Actual	Difference in Budget Basis and GAAP	Actual on Budgetary Basis	Budget	Variance with Final Budget Over (Under)
<b><u>REVENUES</u></b>					
Grant-in-aid	\$ 458,178	\$ 0	\$ 458,178	\$ 409,728	\$ 48,450
Medicaid	4,648,598	(1,283,319)	3,365,279	4,766,904	(1,401,625)
Room and Board	13,850	0	13,850	126,540	(112,690)
Interest income	649	0	649	720	(71)
Vocation Rehab		0	0	10,080	(10,080)
<b>TOTAL REVENUES</b>	<b><u>5,121,275</u></b>	<b><u>(1,283,319)</u></b>	<b><u>3,837,956</u></b>	<b><u>5,313,972</u></b>	<b><u>(1,476,016)</u></b>
<b><u>EXPENDITURES</u></b>					
401k - Peach State Reserves	9,515	-	9,515	9,299	216
Accreditation/Licensure	15,825	-	15,825	20,389	(4,564)
Advertising	839	-	839	360	479
Advocacy	757	-	757	600	157
Appliances - Residential	3,369	-	3,369	4,510	(1,141)
Audits	18,000	-	18,000	17,500	500
AYM Ssss Fees	108,325	-	108,325	120,000	(11,675)
Bank Service Charges	9,579	-	9,579	6,000	3,579
Behavior Analyst Contract	16,742	-	16,742	36,180	(19,438)
Cleaning Supplies	4,572	-	4,572	5,700	(1,128)
Clothing - Residential	800	-	800	1,560	(760)
Computer Software	19,120	-	19,120	12,900	6,220
Contracted Services	3,500	-	3,500	6,000	(2,500)
Direct Benefit To Consumer	0	-	0	6,180	(6,180)
Dues & Subscriptions	11,400	-	11,400	14,550	(3,150)
Employee Benefit	8,484	-	8,484	4,200	4,284
Equipment Over (\$1000)	11,272	-	11,272	2,400	8,872
Equipment Under (\$1000)	9,010	-	9,010	6,000	3,010
Fire Extinguishers/First Aid	1,184	-	1,184	910	274
Food	32,727	-	32,727	37,150	(4,423)
GSEP Pension Expense	99,468	-	99,468	86,019	13,449
Host Home Providers	483,609	-	483,609	471,600	12,009
Hourly Employee	169,991	-	169,991	251,820	(81,829)
Hourly Performance Based Pay	4,288	-	4,288	6,600	(2,312)

**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, 2022**

	GAAP Actual	-	in Budget Basis and GAAP	Actual on Budgetary Basis	Budget	Variance with Final Budget Over (Under)
EXPENDITURES Continued						
Inservice/Training	1,627	-		1,627	5,110	(3,483)
Insurance & Bonding	72,271	-		72,271	75,500	(3,229)
Insurance Expense	238,103	-		238,103	219,408	18,695
Lease/Purchase	3,774	-		3,774	4,200	(426)
Legal Fees	7,226	-		7,226	1,200	6,026
Maintenance	16,127	-		16,127	11,220	4,907
Medical Pharmacy	47,696	-		47,696	53,555	(5,859)
Medicare Expense	14,056	-		14,056	14,436	(380)
Mileage	14,500	-		14,500	22,020	(7,520)
Misc Expense Res	288	-		288	2,160	(1,872)
Motor Vehicle	16,457	-		16,457	98,000	(81,543)
Office Supplies	3,883	-		3,883	7,200	(3,317)
Other Operating	11,801	-		11,801	17,470	(5,669)
Payroll Expense/Staffing Agency	419,709	-		419,709	435,180	(15,471)
Petty Cash Office	67	-		67	120	(53)
Petty Cash Residential	0	-		0	120	(120)
Postage	1,100	-		1,100	600	500
Printing	1,704	-		1,704	1,200	504
Rent Office	32,400	-		32,400	30,000	2,400
Rent - Residential	60,335	-		60,335	60,000	335
Repairs	683	-		683	3,660	(2,977)
Retirement Expense	81,220	-		81,220	59,400	21,820
Salary Employee	899,448	-		899,448	817,028	82,420
Staffing Agency Insurance Exp	10,316	-		10,316	14,400	(4,084)
Salary Performance Based Pay	0	-		0	7,200	(7,200)
Social Security Expense	50,816	-		50,816	46,860	3,956
Staff Expense	8,870	-		8,870	16,800	(7,930)
Staffing Agency	1,488,278	-		1,488,278	1,492,680	(4,402)
Staffing Agency Mileage	27,194	-		27,194	35,640	(8,446)
Staffing Agency Travel	168	-		168	240	(72)
Staffing Performance Based Pay	33,530	-		33,530	38,200	(4,670)
Telephone - Office	4,800	-		4,800	6,000	(1,200)
Estimated Medicaid Write Off	135,104	-		135,104	120,000	15,104
Travel	10,052	-		10,052	660	9,392

**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, 2022**

	GAAP Actual	in Budget Basis and GAAP	Actual on Budgetary Basis	Budget	Variance with Final Budget Over (Under)
EXPENDITURES Continued					
Trs Expense	12,985	-	12,985	12,372	613
Utilities	47,794	-	47,794	50,370	(2,576)
Program Support	9,024	-	9,024	0	9,024
Other	5,314	-	5,314	0	5,314
<b>TOTAL EXPENDITURES</b>	<u>4,831,096</u>	<u>91</u>	<u>4,831,096</u>	<u>4,908,636</u>	<u>(27,555)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>290,179</u>	<u>(1,283,410)</u>	<u>(993,140)</u>	<u>405,336</u>	<u>(1,448,461)</u>
<b>NET CHANGE IN FUND BALANCE</b>	290,179	(1,283,410)	(993,140)		(1,448,461)
Fund Balance - July 1, 2021	1,769,212	-	1,769,212		1,769,212
Prior Year Program Income Utilized	<u>-</u>	<u>1,283,410</u>	<u>1,283,410</u>		<u>1,283,410</u>
<b>FUND BALANCE - June 30, 2022</b>	<u>\$ 2,059,391</u>	<u>\$ 0</u>	<u>\$ 2,059,482</u>		<u>\$ 1,604,161</u>

**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**General Fund**  
**Schedule of Change in Fund Balance (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2022**

	<u>Operating Fund</u>	<u>Prior Year Program Income</u>	<u>Total</u>
Fund balance, beginning of year	\$ 3,052,531	\$ (1,283,319)	\$ 1,769,212
<b>Additions</b>			
Revenues	5,121,275	0	5,121,275
Transfer prior year program income	(1,283,319)	(1,769,212)	(3,052,531)
<b>Deductions</b>			
Expenditures	4,831,096	0	4,831,096
Transfer prior year program income	<u>(1,769,212)</u>	<u>(1,283,319)</u>	<u>(3,052,531)</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 3,828,603</u>	<u>\$ (1,769,212)</u>	<u>\$ 2,059,391</u>

## ADDITIONAL SUPPLEMENTARY INFORMATION

**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, 2022, 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

*Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2022-1.

### **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.  
Tifton, Georgia  
November 18, 2022



**TIFT COUNTY BOH dba DIVERSIFIED ENTERPRISES**  
**Schedule of Findings and Responses**  
**June 30, 2022**

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**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.