

DOUGLAS COUNTY COMMUNITY SERVICES BOARD
REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

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ROBERT BAKER and ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Community Service Board
Douglas County Community Services Board
Douglasville, Georgia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Douglas County Community Services Board, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Douglas County Community Services Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Douglas County Community Services Board, as of June 30, 2019, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion

and Analysis (pages 3 through 6), ERS Schedule of Proportionate Share of the Net Pension Liability (page 30), ERS Schedule of Contributions (page 31), SHBP-OPEB Schedule of Proportionate Share of the Net OPEB Liability (page 33), and SHPB-SEAD Schedule of Contributions (page 34) 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 States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Douglas County Community Services Board's basic financial statements. The accompanying financial information listed as "Other Information" in the Table of Contents is presented for purposes of additional analysis and for the additional requirements under the Georgia Department of Behavioral Health and Developmental Disabilities' External Entities Audit Standards and Sanctions Policy, and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Budgetary Comparison Information, the Schedule of State Contractual Assistance, Schedule of Cash Flows and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, budgetary comparison information, the schedule of state contractual assistance, schedule of cash flows and the schedule of expenditures of federal awards 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 May 29, 2020, on our consideration of Douglas County Community Services Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Douglas County Community Services Board's internal control over financial reporting and compliance.

ROBERT BAKER and ASSOCIATES



Certified Public Accountants
Albany, Georgia
May 29, 2020

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Fiscal Year Ended June 30, 2019

As management of the Douglas County Community Services Board, we offer readers of the Board's financial statements this narrative overview of the financial activities of the Organization for the fiscal year ended June 30, 2019. The analysis provides summary financial information for the Douglas County Community Services Board and should be read in conjunction with the Douglas County Community Services Board's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Douglas County Community Services Board's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to the financial statements*. The *Government-wide financial statements* present an overall picture of the Douglas County Community Services Board's financial position and results of operations. The *Fund financial statements* present financial information for the Douglas County Community Services Board's major funds. The *Notes to the financial statements* provide additional information concerning the Douglas County Community Services Board's finances that are not disclosed in the Government-wide or Fund financial statements.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. The Douglas County Community Services Board only operates Governmental Activities which are supported by federal and state grants, Medicaid and other revenues. The Board does not operate any Business-type Activities.

The **statement of net position** presents information on all assets and liabilities of the Douglas County Community Services Board, with the difference between assets and liabilities reported as net position. Governmental assets are reported in three categories; 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted.

The **statement of activities** presents information on all revenues and expenses of the Douglas County Community Services Board and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the Douglas County Community Services Board. Governmental Activities provided by the Douglas County Community Services Board include Mental Health, Developmental Disabilities and Addictive Disease programs.

Fund financial statements present financial information for governmental funds. These financial statements provide financial information for the major funds of the Douglas County Community Services board. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures, and changes in Fund Balance** for all governmental funds. **Comparative statements of revenues and expenditures to budget**, are provided for the Douglas County Community Services Board's Grants and Contracts that ended during the Fiscal Year. *Fund financial statements* provide more detailed information about the Douglas County Community Services Board's activities. Individual funds are established by the Douglas County Community Services Board to track revenues that are restricted to certain uses, comply with legal requirements, or account for the use of State and federal grants.

The *government-wide financial statements* and the *fund financial statements* provide different pictures of the Douglas County Community Services Board. The government-wide financial statements provide an overall picture of the Douglas County Community Services Board's financial standing. These statements are comparable to private-sector companies and give a good understanding of the Douglas County Community Services Board's overall financial health and how the Douglas County Community Services Board paid for the various activities, or functions, provided by the Douglas County Community Services Board. All assets of the Douglas County Community Services Board are reported in the **statement of net position**. All liabilities, including future employee benefits obligated but not paid by the Douglas County Community Services Board, are included. The **statement of activities** includes depreciation on all long lived assets of the Douglas County Community Services Board, but transactions between the different functions of the Douglas County Community Services Board have been eliminated in order to avoid "doubling up" the revenues and expenses. The *fund financial statements* provide a picture of the major funds of the Douglas County Community Services Board. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities are not included in the fund financial statements. To provide a link from the *fund financial statements* to the *government-wide financial statements*, a reconciliation is provided from the *fund financial statements* to the *government-wide financial statements*.

Notes to the financial statements provide additional detail concerning the financial activities and financial balances of the Douglas County Community Services Board. Additional information about the accounting practices of the Douglas County Community Services Board is included in the *notes to the financial statements*.

FINANCIAL HIGHLIGHTS

Total assets of the Douglas County Community Services Board exceeded total liabilities by \$288,553. Unrestricted net position for Governmental Activities was \$139,977. Net investment in Capital Assets was \$148,576. Total liabilities were \$1,096,945, which includes non-current liabilities of \$270,923, which were Compensated Absences of \$85,556 and Net OPEB Liabilities of \$185,367.

Total net position increased by \$92,452. This entire amount is attributable to governmental activities.

FINANCIAL ANALYSIS OF THE DOUGLAS COUNTY COMMUNITY SERVICES BOARD

The Community Service Board's net position increased by \$92,452 during the fiscal year. Current assets increased by 172.64%. Current liabilities increased by 170.64%.

The following schedule provides a comparative summary of the assets, liabilities and net position of the Douglas County Community Services Board:

	Net Position Governmental Activities		Total Percentage Change
	2019	2018	
Current Assets	\$ 1,076,896	\$ 394,995	172.64%
Capital Assets	148,576	155,670	(4.56%)
Deferred Outflows	<u>241,798</u>	<u>35,546</u>	<u>580.24%</u>
Total Assets and Deferred Outflows	\$ <u>1,467,270</u>	\$ <u>586,211</u>	<u>150.30%</u>
Current Liabilities	\$ 826,022	\$ 305,212	170.64%
Non-Current Liabilities	270,923	76,057	256.21%
Deferred Inflows	<u>81,772</u>	<u>8,841</u>	<u>824.92%</u>
Total Liabilities and Deferred Inflows	\$ <u>1,178,717</u>	\$ <u>390,110</u>	<u>202.15%</u>
Net Position			
Investment in Capital Assets	\$ 148,576	\$ 155,670	(4.56%)
Unrestricted	<u>139,977</u>	<u>40,431</u>	<u>246.21%</u>
Total Net Position	\$ <u>288,553</u>	\$ <u>196,101</u>	<u>47.15%</u>

The following is a schedule of the changes in Net Position of the Douglas County Community Services Board:

	Changes in Net Position Governmental Activities		Total Percentage Change
	2019	2018	
Revenues			
Grants and Contributions	\$ 2,184,484	\$ 612,058	256.91%
Charges for Services	<u>1,877,270</u>	<u>1,507,564</u>	<u>24.52%</u>
Total Revenues	\$ <u>4,061,754</u>	\$ <u>2,119,622</u>	<u>91.63%</u>
Expenses			
Mental Health	\$ 1,234,227	\$ 1,101,181	12.08%
Developmental Disabilities	768,525	557,001	37.98%
Addictive Disease	341,149	319,529	6.77%
Other Programs	<u>1,625,401</u>	<u>588,341</u>	<u>176.27%</u>
Total Expenses	\$ <u>3,969,302</u>	\$ <u>2,566,052</u>	<u>54.69%</u>
Increase (Decrease) in Net Position	\$ <u>92,452</u>	\$ (<u>446,430</u>)	<u>120.71%</u>

Governmental Revenues exceeded Expenses for FY2019 by \$92,452.

FUND FINANCIAL INFORMATION

Governmental Funds

General Fund

The Douglas County Community Services Board's General Fund is the main operating fund of the Douglas County Community Services Board. It is used to account for all financial resources that are not restricted by externally imposed requirements. As of June 30, 2019, total assets were \$1.1 million and total liabilities were \$.8 million. The ending unassigned Fund Balance was \$272,263.

BUDGETS

Annual budgets for all programs are prepared on the modified accrual basis of accounting. The budgets are amended during the fiscal year to reflect changes in operations. Expenditures are monitored on a monthly basis to comply with funding limits and programmatic intent.

CAPITAL ASSETS ACTIVITY

The Douglas County Community Services Board's Capital Assets include Land, Buildings, and Equipment.

DEBT MANAGEMENT

Governmental Activities Debt

The Long-Term Debt listed on the Governmental Financial statement is Compensated Absences Payable to employees upon termination of \$85,556 and Net OPEB Liabilities of \$185,367. Compensated Absences Payable includes an accrual for payroll taxes that would also be payable upon termination.

OTHER FINANCIAL INFORMATION

The increase in net position for the year ended June 30, 2019 occurred primarily in the Douglas County Community Services Board (DCCSB) business entity which had a net change in position before transfers of salary, fringes, and contract labor costs of \$1,088,027 from FY18; an increase of 94%. The CSB receives the majority of its funding from the Department of Developmental Disabilities (DBHDD) in the form of Grant in Aid, and the Department of Community Affairs (DCA) for its Shelter-Plus Care programs. In FY19, DBHDD contributed \$800,000 in supplemental funding to DCCSB for sustainability.

DCCSB provided treatment services to citizens of Douglas County via the Shelter-Plus Care program. Individuals placed in this independent residential service with confirmed mental health and/or substance abuse diagnosis need support and services in-order to maintain independence. As part of HUD's Housing First Initiative through DCA, both income and number of dependents are considered when determining the portion of rent for which these clients are responsible. DCA does not offer any compensation for treatment. These wrap-around services are considered uncompensated. In fiscal year 2019, the CSB provided approximately \$237,000 in uncompensated services.

The CSB is continuously looking at ways to increase its revenue streams and diversify its payer sources. During FY19, Douglas County CSB increased its DBHDD Core Mental Health services maximum reimbursement limit (MRL) from FY18 of expected \$183,000 to \$214,000, and addictive disease MRL from FY18 approximately \$3,859 to \$9,742. These increases are attributed to the creation of new programs such as Peer Support, and increased access to services caused by site relocation and improved behavioral health staffing.

The Meadows Road property, which is owned by Cobb County CSB, was erroneously recorded on Douglas County CSB's books. The related \$23,000 revenue was transferred to Cobb County. The Baker host home related income of \$8,265 was also transferred to Cobb County CSB.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

STATEMENT OF NET POSITION

June 30, 2019

ASSETS	GOVERNMENTAL ACTIVITIES
Current Assets	
Cash	\$ 186,805
Accounts Receivable	392,568
Due from DBHDD	453,680
Other Assets	<u>43,843</u>
Total Current Assets	\$ <u>1,076,896</u>
Capital Assets	
Capital Assets, Net of Accumulated Depreciation	\$ <u>148,576</u>
Total Assets	\$ <u>1,225,472</u>
Deferred Outflows of Resources	
OPEB Related Items	\$ <u>241,798</u>
Total Deferred Outflows of Resources	\$ <u>241,798</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 240,011
Accrued Expenses	105,231
Due to DBHDD	150,000
Due to Others	309,391
Compensated Absences Payable	<u>21,389</u>
Total Current Liabilities	\$ <u>826,022</u>
Non-Current Liabilities	
Compensated Absences Payable	\$ 85,556
Net OPEB Liabilities	<u>185,367</u>
Total Non-Current Liabilities	\$ <u>270,923</u>
Total Liabilities	\$ <u>1,096,945</u>
Deferred Inflows of Resources	
OPEB Related Items	\$ <u>81,772</u>
Total Deferred Inflows of Resources	\$ <u>81,772</u>
NET POSITION	
Investment in Capital Assets	\$ 148,576
Unrestricted	<u>139,977</u>
Total Net Position	\$ <u>288,553</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2019

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expenses) Revenues and Changes in Net Position Total Governmental Activities
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Mental Health	\$ 1,234,227	\$ 515,454	\$ 224,801	\$ (493,972)
Developmental Disabilities	768,525	497,970	436,417	165,862
Addictive Disease	341,149	-	333,266	(7,883)
Other Programs	<u>1,625,401</u>	<u>863,846</u>	<u>1,190,000</u>	<u>428,445</u>
	\$ <u>3,969,302</u>	\$ <u>1,877,270</u>	\$ <u>2,184,484</u>	
		Change in Net Asset		\$ 92,452
		Net Position - Beginning of Year		<u>196,101</u>
		Net Position - End of Year		\$ <u>288,553</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

ASSETS	GENERAL FUND
Current Assets	
Cash	\$ 186,805
Accounts Receivable	392,568
Due from DBHDD	453,680
Other Assets	<u>43,843</u>
Total Current Assets	\$ <u>1,076,896</u>
Total Assets	\$ <u>1,076,896</u>
LIABILITIES AND FUND BALANCE	
Current Liabilities	
Accounts Payable	\$ 240,011
Accrued Expenses	105,231
Due to DBHDD	150,000
Due to Others	<u>309,391</u>
Total Current Liabilities	\$ <u>804,633</u>
Fund Balance	
Unassigned	\$ <u>272,263</u>
Total Fund Balance	\$ <u>272,263</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>1,076,896</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

June 30, 2019

Total Fund Balance of Governmental Funds	\$ 272,263
Capital assets used in government activities are not financial resources and therefore, are not reported in the Governmental Fund.	148,576
Deferred outflows of resources are not due and payable in the current period and therefore, are not reported in the Governmental Funds.	241,798
Net OPEB liabilities are not due and payable in the current period and therefore, are not reported in the Governmental Funds.	(185,367)
Deferred inflows of resources are not available to pay for current resources and therefore, are not reported in the Governmental Funds.	(81,772)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(<u>106,945</u>)
Total Net Position of Governmental Activities	\$ <u><u>288,553</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2019

	GENERAL FUND
REVENUES	
Department of Behavioral Health and Developmental Disabilities	
State Contracted Services	\$ 1,589,960
State Contracted Fee for Services	235,396
County Participating	594,524
Outpatient Medicare Fees	103,822
Client Fees	41,214
Private Insurance	35,329
Other Fees	99,693
DD Waiver	497,970
Other Federal Funds	863,846
TOTAL REVENUES	\$ <u>4,061,754</u>
EXPENDITURES	
Personal Service Costs:	
Salaries and Hourly Wages	\$ 1,584,042
Fringe Benefits	571,300
Contracted Staff	86,576
Total Personal Service Costs	\$ <u>2,241,918</u>
Other Expenses:	
Motor Vehicle Expense	\$ 44,755
Supplies and Materials	31,605
Repairs and Maintenance	25,727
Utilities	203,642
Insurance & Bonding	16,355
Training	958
Other Operating Expenditures	70,132
Travel	28,225
Equipment	15,846
Rent	1,060,106
Contracts	121,043
Telecommunications	37,831
Postage	145
TOTAL EXPENDITURES	\$ <u>3,898,288</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 163,466
FUND BALANCE - BEGINNING OF THE YEAR	<u>108,797</u>
FUND BALANCE - END OF THE YEAR	\$ <u><u>272,263</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

STATEMENT OF CHANGES IN FUND BALANCE

For The Fiscal Year Ended June 30, 2019

	UNASSIGNED <u>FUND</u>
FUND BALANCE - JULY 1, 2018	\$ 108,797
ADDITIONS:	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>163,466</u>
TOTAL FUND BALANCE AND ADDITIONS	\$ <u>272,263</u>
FUND BALANCE - JUNE 30, 2019	\$ <u><u>272,263</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2019

Net Change in Fund Balance - Total Governmental Funds	\$ 163,466
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. The amounts are detailed as follows:	
Depreciation Expense	(7,094)
OPEB 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.	(52,046)
Compensated absences 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.	(<u>11,874</u>)
Change in Net Position of Governmental Activities	\$ <u><u>92,452</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Summary of Significant Account Policies is presented to assist the reader in interpreting the financial statements. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the Community Service Board conform to generally accepted accounting principles (GAAP) as applicable to governmental units. This report, the accounting systems and classification of accounts conform to standards of the Governmental Accounting Standards Board (GASB) or, where applicable, the Financial Accounting Standards Board (FASB).

The accounting policies of Douglas County Community Services Board are based upon accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

Effective July 1, 2018, Douglas County Community Services Board adopted the following GASB Statements:

GASB Statement 83, *Certain Asset Requirement Obligations*. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB 83 will be effective the fiscal year ending June 30, 2019. The Community Service Board has no plans to retire tangible capital assets that fall under the framework of this statement, and therefore is not subject to the reporting requirements of GASB Statement 83.

GASB Statement 85, *Omnibus 2017*. This Statement was issued March 2017 to address various accounting matters that have been identified during implementation and application of certain GASB Statements. The Statement addresses a variety of topics including issues related to blending component units, goodwill fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits [OPEB]).

GASB Statement 86, *Certain Debt Extinguishment Issues*. This Statement was issued May 2017 to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. The Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for the debt that is defeased in substance. GASB Statement 86 was implemented for the fiscal year ended June 30, 2019, and there was no impact to the Community Service Board's financial statements.

GASB Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement was issued April 2018 to improve the information that is disclosed in the notes to the governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement 88 was implemented for the fiscal year ending June 30, 2019.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

FUTURE ADOPTION OF GASB PRONOUNCEMENTS

The following GASB pronouncements have been issued, but are not effective as of June 30, 2019:

GASB Statement 84, *Fiduciary Activities*. This statement was issued January 2017 to establish criteria for identifying fiduciary activities of all state and local governments. GASB Statement 84 will be effective for the fiscal year ending June 30, 2020.

GASB Statement 87, *Leases*. This statement was issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement 87 will be effective for the fiscal year ending June 30, 2021.

GASB Statement 90, *Majority Equity Interest - an amendment of GASB Statements No. 14 and No. 61*. Issued August 2018, the primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization; and to improve the relevance of financial statement information for certain component units. GASB Statement 90 will be effective for the fiscal year ending June 30, 2020.

REPORTING ENTITY

As a result of legislation passed by the Georgia General Assembly known as House Bill 100, responsibility for most Mental Health, Developmental Disabilities and Addictive Disease were transferred from County Boards of Health to Community Service Boards as of July 1, 1994. A closeout process was followed and upon Georgia Department Human Resources' approval, assets and the related Fund Balance were transferred from the Board of Health to the successor agency. These financial statements report only the financial activities of Douglas County Community Services Board. The Board does not exercise any authority over any other entity which would require inclusion in these financial statements as required by GASB 14, the financial reporting entity.

GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Agency. Governmental activities are normally supported by client fees and State Contracted Services from the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD).

The Statement of Activities reports the expenses of a given function or activity and are offset by program revenues. Direct expenses are those that are clearly identifiable to activities within a specific function or identifiable program. Program revenues include 1.) Charges to clients for services provided by the Agency, and 2.) Grants and contributions that are restricted to meeting the operational requirement of a particular function or identifiable program as specified by DBHDD and other granting agencies. Intra/Inter agency revenues and expenses are not reflected in the Statement of Activities.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities reports the expenses of a given function or activity and are offset by program Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures only when payment is due.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

BASIS OF PRESENTATION

The financial transactions of the Community Service Board are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

GASB Statement 34 *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments* sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Community Service Board electively added funds, as major funds, which either had debt outstanding or specific community focus. The non-major governmental funds are combined in a single column in the fund financial statements. The Community Service Board has no non-major governmental funds.

Governmental Funds

The measurement focus of the Governmental Funds (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major Governmental Funds of the Community Service Board:

- The General Fund accounts for all of the Community Service Board's services and is the primary operating unit of the Community Service Board.

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The government-wide statements are presented on an accrual basis of accounting. The Governmental Funds in the fund financial statements are presented on a modified accrual basis.

Accrual

Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

Under the modified basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the following 3 months. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt and compensated absences, if any, are recognized when due.

FUND BALANCE

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form; or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Community Service Board's highest level of decision-making authority, the Community Service Board. A formal resolution of the Community Service Board is required to establish, modify, or rescind a fund balance commitment. The Community Service Board reports assigned fund balance for amounts that are constrained by the Board's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual amount remaining that does not meet any other criterion.

When the Community Service Board incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Community Service Board's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

NET POSITION - Net position represents the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the Community Service Board has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The Community Service Board applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net position is available.

Douglas County Community Services Board has no proprietary or fiduciary funds.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

DEFERRED OUTFLOW/INFLOWS OF RESOURCES - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Community Service Board has two types of items that qualify for reporting in this category; (1) it is the change in proportion and differences between employer contributions and proportionate share of contributions for pensions and, (2) the Community Service Board's contributions subsequent to the measurement date. These amounts are deferred and will be recognized as an outflow in the applicable period.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period (s) and so will not be recognized as an inflow of resources (revenue) until that time. The Community Service Board has one type of item that qualifies for reporting in this category; the net difference between projected and actual earnings on pension plan investments. This amount is deferred and will be recognized as an inflow of resources in the period in which the amount becomes available.

CAPITAL ASSETS AND DEPRECIATION - GOVERNMENT-WIDE FINANCIAL STATEMENTS - Capital assets are recorded as follows for the Statement of Net Position and Statement of Activities:

The Community Service Board's capital assets with useful lives of more than one year are stated at historical cost. Donated assets are stated at fair value on the date of the donation. The Community Service Board capitalizes all assets with a cost of \$1,000 or more as purchased. The cost of normal repairs and maintenance that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20-29
Computer Equipment	6
Furniture and Other Equipment	10

COMPENSATED ABSENCES - Board employees earn 10, 12, or 14 hours of annual leave per month depending on length of service. The maximum allowable accumulation is 360 hours for any one employee. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, "Accounting for Compensated Absences", no liability is recorded for nonvesting accumulated rights to receive sick pay benefits. Agency employees earn 10 hours per month sick leave up to a maximum of 720 hours. If an employee terminates he/she forfeits all accumulated sick leave.

PENSIONS - For the 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 Employee's Retirement System of Georgia (ERS) and additions to/deductions from ERS's fiduciary net position have been determined on the same basis as they are reported by ERS. 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.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

LEGAL COMPLIANCE - BUDGETARY RESTRICTIONS - Line item budgets were developed as part of the grant agreements. Provisions were made for revision of the budgets during the year. The budgeted amounts shown in the accompanying statements reflect the final revised budgets for the grants. All budgets were prepared on the modified accrual basis of accounting and are consistent with accounting principles generally accepted in the United States of America.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from these estimates.

Certain significant estimates in this financial statement include:

- The collectability of consumer receivables.
- Medicaid revenue and receivables.
- Depreciation expense on Agency owned assets.
- Current portion of compensated absences payable.

OPERATING LEASES - Douglas County Community Services Board leases its facilities under operating leases. These leases are generally for the fiscal year and must be approved at the beginning of each individual year. Rent expense was \$1,060,106 for the year ended June 30, 2019.

CONTINGENCIES - The Agency's nature of business is such that it ordinarily results in a certain amount of litigation. In the opinion of management for the Agency, there is no litigation in which the outcome will have a material effect on the financial statements.

RISK MANAGEMENT - The Agency is exposed to various risk of loss related to torts; theft or damage to and destruction of assets; errors and omissions; natural disasters; and worker injuries for which the Agency carries insurance through the Georgia Department of Administrative Services. The insurance provides for the transfer of risk from the Agency for all major programs. The Agency's risk is constituted by a maximum \$500 deductible for each occurrence. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts did not exceed insurance coverage for the current year.

NOTE 2 - DEPOSITS AND INVESTMENTS

Total deposits and investments as of June 30, 2019, are summarized as follows:

As reported in the Statement of Net Position:

Cash	\$ <u>186,805</u>
Cash deposited with financial institutions	\$ <u>265,707</u>

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS - CONTINUED

Interest rate risk. The Community Service Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial credit risk - deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2019, the Community Service Board did not have any balances exposed to custodial credit risk as uninsured and uncollateralized as defined by GASB pronouncements.

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable of \$392,568 for Douglas County Community Services Board as of June 30, 2019 includes Medicaid fees, private insurance, self-pay, grants and other fees receivable.

NOTE 4 - DUE TO/FROM DBHDD

The Board has accounts payable due to and accounts receivable due from the Georgia Department of Behavioral Health and Developmental Disabilities as follows:

Program Number	June 30, 2019	Due From	Due To
#44100-261-0262019102			
100	Mental Health Services - Adult	\$ 205,451	\$ -
602	HIV Early Intervention Services	3,969	-
700	Substance Abuse Services - Adult	145,142	-
800	Substance Abuse Services - Children	22,914	-
#44100-261-9072019102			
400	Developmental Disabilities Services	\$ 70,717	\$ -
502	Special Appropriation - IDD	<u>5,487</u>	<u>-</u>
	Total	\$ <u>453,680</u>	\$ <u>-</u>
DBHDD Advance		\$ <u>-</u>	\$ <u>150,000</u>
	TOTAL	\$ <u>453,680</u>	\$ <u>150,000</u>

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance <u>June 30, 2018</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2019</u>
Land	\$ 95,012	\$ -	\$ -	\$ 95,012
Land Improvements	28,072	-	-	28,072
Buildings	205,739	-	-	205,739
Equipment and Devices	<u>92,545</u>	<u>-</u>	<u>72,144</u>	<u>20,401</u>
	\$ 421,368	\$ -	\$ 72,144	\$ 349,224
Accumulated Depreciation	(<u>265,698</u>)	(<u>7,094</u>)	<u>72,144</u>	(<u>200,648</u>)
Governmental Activities Capital Assets, Net	\$ <u>155,670</u>	\$ (<u>7,094</u>)	\$ <u>-</u>	\$ <u>148,576</u>

NOTE 6 - COMPENSATED ABSENCES

At termination, employees are paid for any accumulated annual leave. The liability for accumulated annual leave at June 30, 2019 is estimated by management to be \$106,945. This amount includes \$7,600 for tax liabilities related to the accrued leave.

The following is a schedule of changes in annual leave for the fiscal year ending June 30, 2019:

<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
\$ <u>95,071</u>	\$ <u>11,874</u>	\$ <u>-</u>	\$ <u>106,945</u>

Forfeited leave is accumulated and according to certain provisions can be utilized for extended major illnesses and retirement. No sick leave is paid upon employee termination.

NOTE 7 - 401(K) PLAN

Until December 31, 2018, the Agency maintained, through the State of Georgia, a qualified trust deferred compensation plan under section 401(k) of the Internal Revenue Code for all employees hired after July 1, 1994. Under the plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. Effective January 1, 2011, the Community Service Board amended the State of Georgia Employees' Qualified Trust Deferred Compensation Plan Adoption Agreement dated August 23, 1994. The Agency contributes up to 7.5% of eligible salaries to the plan.

As of January 1, 2019, the Agency opened a qualified trust deferred compensation plan under sections 401(a) and 401(b) of the Internal Revenue Code through Mass Mutual Life Insurance Company for all employees who are not eligible for the Georgia State Employee Retirement System plan. Under the plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 7 - 401(K) PLAN - CONTINUED

The contribution rates for the new plan are as follows:

<u>Length of Service</u>	<u>Rate</u>
0 to 12 months	0%
13 months to 35 months	2.5%
36 months to 59 months	5.0%
60 months and over	7.5%

The retirement contributions, for the year ended June 30, 2019 were \$36,391 based on salaries \$1,327,944. Contributions in the 401(k) plan are fully vested to employees after five (5) years of continuous service.

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

Plan Description

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

Benefits Provided

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

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

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, post-retirement 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 benefits are also available through ERS.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA - CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	\$ <u>-</u>	\$ <u>-</u>

Agency contributions subsequent to the measurement date of \$0 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, 2020. 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:

2020	\$ 0
2021	0
2022	0
2023	0
2024	0
Thereafter	0

Actuarial Assumptions

The total pension liability as of June 30, 2018, was determined by an actuarial valuation as of June 30, 2017. Based on the funding policy adopted by the Board on March 15, 2018, the investment rate of return assumption will be changed to 7.30% in the June 30, 2018 actuarial valuation. Therefore, the investment rate of return used in the roll-forward of the total pension liability is 7.30% using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.25-7.00%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward two (2) years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disability Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back seven (7) years for males and set forward three (3)

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA - CONTINUED

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009-June 30, 2014.

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 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.

Discount Rate

The discount rate used to measure the collective total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State 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 Employer's proportionate share of the net pension liability to changes in the discount rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Employer's proportionate share of the net pension liability	\$ 0	\$ 0	\$ 0

Additional Information

	June 30, 2017	June 30, 2018
Collective deferred outflows of resources	53,748,000	321,543,000
Collective deferred inflows of resources	10,145,000	94,738,000
Collective net pension liability	4,061,335,000	4,111,033,000
Employer's Portion	0.00%	0.00%
Collective pension expense for the measurement period ended June 30, 2018:		499,315,000
The average of the expected remaining service:		2.60

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 8 - EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA - CONTINUED

Proportionate Share

	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>Change in Proportionate Share of</u>	
			<u>Debit Balances</u>	<u>Credit Balances</u>
Deferred outflows of resources	0	0	0	
Deferred inflows of resources	0	0		0
Net pension liability	0	0		0
Proportionate share of collective pension expense:			\$	0

	<u>Collective Amount @ June 30, 2017</u>	<u>Proportionate Share @ 0.00%</u>	<u>Proportionate Share @ 0.00%</u>	<u>Debit Balances</u>	<u>Credit Balances</u>
Deferred outflows of resources	53,748,000	0	0	0	
Deferred inflows of resources	10,145,000	0	0		0
Net pension liability	4,061,335,000	0	0		0
Total of changes in the Employer's beginning reported balances				0	0
Amount to be recognized for the net effect of the change in the Employer's proportion on beginning reported balances				0	0
Total of amounts recognized for the change in the Employer's proportion				0	0

	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Change in proportion	0	0
Contributions during the measurement period	0	0
Net amount recognized	0	0

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Retirement Systems of Georgia Financial Report which is publically available at www.ers.ga.gov/financials.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 9 - OPEB LIABILITIES, OPEB EXPENSES, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

STATE HEALTH BENEFITS PLAN

At June 30, 2019, the Community Service Board reported a liability of \$185,367 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. The Community Service Board's proportion of the net OPEB liability was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2018. At June 30, 2018, the Community Service Board's proportion was 0.007087%, which was an increase (decrease) of .007087% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Community Service Board's recognized OPEB expense of \$60,887. At June 30, 2019, the Community Service Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Contributions made during the measurement period (fiscal year ended June 30, 2018): \$ 35,546

Other Post-Employment Benefits (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs:

Employer's proportionate share of collective net OPEB liability	\$	185,367
Employer's proportion of collective net OPEB liability		0.007087%
Increase/(Decrease) from proportion measured as of June 30, 2017		0.007087%
Employer's recognized OPEB expense	\$	60,887

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 14,579
Changes of assumptions	-	67,193
Net difference between projected and actual earnings on OPEB plan investments	4,285	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	237,513	-
Employer contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	\$ <u>241,798</u>	\$ <u>81,772</u>

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 9 - OPEB LIABILITIES, OPEB EXPENSES, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - CONTINUED

Community Service Board contributions subsequent to the measurement date of \$0 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ended June 30:	
2020	\$ 45,703
2021	45,703
2022	49,985
2023	18,635
2024	0
Thereafter	0

Actuarial Assumptions

The total OPEB liability as of June 30, 2018, was determined by an actuarial valuation as of June 30, 2017 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, 2018:

Inflation	2.75%
Salary Increases	Includes inflation
ERS	3.25-7.00%
JRS	4.50%
LRS	N/A
TRS	3.25-9.00%, including inflation
PSERS	N/A
Long-term rate of return	3.88%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.75%
Medicare Eligible	5.75%
Ultimate trend rate	
Pre-Medicare Eligible	5.00%
Medicare Eligible	5.00%
Year of Ultimate trend rate	2022

Costs were determined using the Projected Unit Credit Actuarial Cost Method. The annual service cost is the present value of the portion of the projected benefit attributable to participation service during the upcoming year, and the actuarial accrued liability (AAL) is equal to the present value of the portion of the projected benefit attributable to service before the valuation date. Service from hire date through the date of full retirement was used in allocating costs.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 9 - OPEB LIABILITIES, OPEB EXPENSES, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - CONTINUED

Discount Rate

The discount rate has changed since the prior measurement date from 3.09% to 3.60%. In order to measure the total OPEB liability for the State OPEB Fund, a single equivalent interest rate of 3.60% was used as the discount rate. This comprised mainly of the yield or index rate for 20 year tax-exempt general obligations municipal bonds with an average rating of AA or higher. The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2115. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through 2029. Therefore, the calculated discount rate of 3.60% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Community Service Board's share of the collective net OPEB liability to changes in the discount rate:

	<u>1% Decrease</u> <u>(4.22%)</u>	<u>Current Discount</u> <u>Rate (5.22%)</u>	<u>1% Increase</u> <u>(6.22%)</u>
Employer's proportionate share of the net OPEB liability	\$ 220,222	\$ 185,367	\$ 156,570

Sensitivity of the Community Service Board's share of the collective net OPEB liability to changes in the healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare</u> <u>Cost Trend Rate</u>	<u>1% Increase</u>
Employer's proportionate share of the net OPEB liability	\$ 152,914	\$ 185,367	\$ 225,057

OPEB Plan Fiduciary Net Position

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

NOTE 10- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 29, 2020, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

DOUGLAS COUNTY COMMUNITY SERVICE BOARD

ERS EMPLOYER AGENCY - SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

For the Year Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.00%	0.00%	0.00%	0.001549%	0.002603%
Employer's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ 62,756	\$ 97,629
Employer's covered-employee payroll during the measurement period	\$ -	\$ -	\$ -	\$ -	\$ 35,408
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	275.73%
Plan fiduciary net position as a percentage of the total pension liability	76.68%	76.33%	72.34%	76.20%	77.99%

*Note: Schedule is intended to show information for the last 10 years. Additional years will be displayed as they become available.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD
ERS EMPLOYER AGENCY - SCHEDULE OF CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM

For the Year Ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$0	\$0	\$0	\$0	\$15,081	\$13,519	\$10,744	\$13,525	\$13,819	\$10,399
Contributions in relation to the contractually required contribution	\$0	\$0	\$0	\$0	\$15,081	\$13,519	\$10,744	\$13,525	\$13,819	\$10,399
Contribution deficiency(excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Agency's covered-employee payroll	\$0	\$0	\$0	\$0	\$68,644	\$58,619	\$58,539	\$115,934	\$132,407	\$99,456
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	21.97%	23.06%	18.35%	11.67%	10.44%	10.46%

DOUGLAS COUNTY COMMUNITY SERVICES BOARD
ERS EMPLOYER AGENCY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2019

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

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

DOUGLAS COUNTY COMMUNITY SERVICE BOARD

SHBP - OPEB EMPLOYER - SCHEDULE OF PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY

For the Year Ended June 30

	<u>2019</u>	<u>2018</u>
Employer's proportion of the collective net OPEB liability	0.007087%	0.000000%
Employer's proportionate share of the collective net OPEB liability	\$ 185,367	\$ -
Employer's covered-employee payroll during the measurement period	\$ 68,800	\$ -
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	269.43%	0.00%
Plan fiduciary net position as a percentage of the total collective OPEB liability	31.48%	17.34%

*Note: Schedule is intended to show information for the last 10 years. Additional years will be displayed as they become available.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD
SHBP - OPEB EMPLOYER - SCHEDULE OF CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS

For the Year Ended June 30

	2019	2018
Contractually required contribution	\$35,546	\$0
Contributions in relation to the contractually required contribution	\$35,546	\$0
Contribution deficiency(excess)	\$0	\$0
Agency's covered-employee payroll	\$68,800	\$0
Contributions as a percentage of covered-employee payroll	51.67%	0.00%

*Note: Schedule is intended to show information for the last 10 years. Additional years will be displayed as they become available.

DOUGLAS COUNTY COMMUNITY SERVICES BOARD
SHBP-OPEB EMPLOYER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2019

Changes in benefit terms: In the June 30, 2010 actuarial valuation, there was a change of benefit terms to require Medicare-eligible recipients to enroll in a Medicare Advantage plan to receive the State subsidy.

Changes in assumptions: In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll location.

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

In the June 30, 2012 actuarial valuation, a data audit was performed and data collection procedures and assumptions were changed.

OTHER INFORMATION

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

MENTAL HEALTH SERVICES - ADULT - 100

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENDITURES TO BUDGET

For The Fiscal Year Ended June 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Department of Behavioral Health and Developmental Disabilities				
State Contracted Services	\$ 20,277	\$ 550,277	\$ 550,277	\$ -
State Contracted Fee for Services	-	-	235,396	235,396
County Non-Participating	-	-	594,524	594,524
Outpatient Medicaid Fees	-	-	103,822	103,822
Consumer Rent	-	-	99,963	99,963
Client Fees	-	-	41,214	41,214
Private Insurance	-	-	35,329	35,329
Other Federal Funds	-	-	863,846	863,846
TOTAL REVENUES	\$ <u>20,277</u>	\$ <u>550,277</u>	\$ <u>2,524,101</u>	\$ <u>1,973,824</u>
EXPENDITURES				
Personal Service Costs	\$ -	\$ -	\$ 232,560	\$ 232,560
Other Operating Expenditures	<u>20,277</u>	<u>550,277</u>	<u>1,001,667</u>	<u>451,390</u>
TOTAL EXPENDITURES	\$ <u>20,277</u>	\$ <u>550,277</u>	\$ <u>1,234,227</u>	\$ <u>683,950</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,289,874</u>	\$ <u>1,289,874</u>

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

DEVELOPMENTAL DISABILITIES SERVICES - 400

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENDITURES TO BUDGET

For The Fiscal Year Ended June 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Department of Behavioral Health and Developmental Disabilities				
State Contracted Services	\$ 471,529	\$ 471,529	\$ 370,573	\$ (100,956)
IDD Waiver	<u>-</u>	<u>-</u>	<u>348,286</u>	<u>348,286</u>
TOTAL REVENUES	\$ <u>471,529</u>	\$ <u>471,529</u>	\$ <u>718,859</u>	\$ <u>247,330</u>
EXPENDITURES				
Personal Service Costs	\$ 471,529	\$ 471,529	\$ 498,491	\$ 26,962
Contract Staffing	-	-	45,717	45,717
Other Operating Expenditures	<u>-</u>	<u>-</u>	<u>204,705</u>	<u>204,705</u>
TOTAL EXPENDITURES	\$ <u>471,529</u>	\$ <u>471,529</u>	\$ <u>748,913</u>	\$ <u>277,384</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	\$ <u>-</u>	\$ <u>-</u>	\$ (<u>30,054</u>)	\$ (<u>30,054</u>)

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

SPECIAL APPROPRIATION - IDD - 502

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENDITURES TO BUDGET

For The Fiscal Year Ended June 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Department of Behavioral Health and Developmental Disabilities				
State Contracted Services	\$ <u>65,844</u>	\$ <u>65,844</u>	\$ <u>65,844</u>	\$ <u>-</u>
EXPENDITURES				
Other Operating Expenditures	\$ <u>65,844</u>	\$ <u>65,844</u>	\$ <u>19,612</u>	\$ (<u>46,232</u>)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>46,232</u>	\$ <u>46,232</u>

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

HIV EARLY INTERVENTION SERVICES - 602

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENDITURES TO BUDGET

For The Fiscal Year Ended June 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Department of Behavioral Health and Developmental Disabilities				
State Contracted Services	\$ <u>23,684</u>	\$ <u>23,684</u>	\$ <u>23,662</u>	\$ (<u>22</u>)
EXPENDITURES				
Other Operating Expenditures	\$ <u>23,684</u>	\$ <u>23,684</u>	\$ <u>23,662</u>	\$ (<u>22</u>)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>	\$ <u> - </u>

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

SUBSTANCE ABUSE SERVICES - ADULT - 700

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENDITURES TO BUDGET

For The Fiscal Year Ended June 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Department of Behavioral Health and Developmental Disabilities				
State Contracted Services	\$ <u>172,225</u>	\$ <u>442,225</u>	\$ <u>442,225</u>	\$ <u>-</u>
EXPENDITURES				
Personal Service Costs	\$ -	\$ -	\$ 126,123	\$ 126,123
Contract Staffing	-	-	37,447	37,447
Other Operating Expenditures	<u>172,225</u>	<u>442,225</u>	<u>16,588</u>	(<u>425,637</u>)
TOTAL EXPENDITURES	\$ <u>172,225</u>	\$ <u>442,225</u>	\$ <u>180,158</u>	\$ (<u>262,067</u>)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>262,067</u>	\$ <u>262,067</u>

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

SUBSTANCE ABUSE SERVICES - CHILDREN - 800

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENDITURES TO BUDGET

For The Fiscal Year Ended June 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Department of Behavioral Health and Developmental Disabilities				
State Contracted Services	\$ <u>137,379</u>	\$ <u>137,379</u>	\$ <u>137,379</u>	\$ <u>-</u>
EXPENDITURES				
Other Operating Expenditures	\$ <u>137,379</u>	\$ <u>137,379</u>	\$ <u>137,379</u>	\$ <u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING (USES)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

SCHEDULE OF STATE CONTRACTUAL ASSISTANCE

For The Fiscal Year Ended June 30, 2019

STATE OF GEORGIA DBHDD <u>GRANT/CONTRACT</u>	GRANT/ CONTRACT <u>AMOUNT</u>	REVENUE RECEIVED DURING GRANT <u>PERIOD</u>	FIXED RATE PAYMENTS OR EXPENDITURES DURING GRANT <u>PERIOD</u>	DUE (TO) FROM DBHDD @ END OF GRANT <u>PERIOD</u>
Master Agreement #44100-261-0262019102				
100 Mental Health Services - Adult	\$ 550,277	\$ 344,826	\$ 550,277	\$ 205,451
602 HIV Early Intervention Services	\$ 23,684	\$ 19,693	\$ 23,662	\$ 3,969
700 Substance Abuse Services - Adult	\$ 442,225	\$ 297,083	\$ 442,225	\$ 145,142
800 Substance Abuse Services - Children	\$ 137,379	\$ 114,465	\$ 137,379	\$ 22,914
Master Agreement #44100-261-9072019102				
400 Developmental Disabilities Services	\$ 471,529	\$ 299,856	\$ 370,573	\$ 70,717
502 Special Appropriation - IDD	\$ <u>65,844</u>	\$ <u>60,357</u>	\$ <u>65,844</u>	\$ <u>5,487</u>
Total	\$ <u>1,690,938</u>	\$ <u>1,136,280</u>	\$ <u>1,589,960</u>	\$ <u>453,680</u>
DBHDD Advance	\$ -	\$ <u>150,000</u>	\$ -	\$ (<u>150,000</u>)
TOTAL	\$ <u>1,690,938</u>	\$ <u>1,286,280</u>	\$ <u>1,589,960</u>	\$ <u>303,680</u>

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

SCHEDULE OF CASH FLOWS

For The Fiscal Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

CHANGE IN NET POSITION	\$	92,452
Adjustments to reconcile net income to net cash		
Provided by Operating Activities		
Depreciation Expense		7,094
Increase in Accounts Receivable	(149,761)
Decrease in DBHDD Advances	(262,552)
Increase in Other Assets	(38,784)
Decrease in Deferred Outflows of Resources	(206,252)
Decrease in Accounts Payable	(46,187)
Increase in Accrued Expenses		105,231
Increase in Deferred Revenues		309,391
Increase in Compensated Absences Payable		11,874
Decrease in Net OPEB Liability		185,367
Increase in Deferred Inflows of Resources		<u>72,931</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$	<u>80,804</u>
NET INCREASE/(DECREASE) IN CASH	\$	80,804
CASH - BEGINNING OF THE YEAR		<u>106,001</u>
CASH - END OF THE YEAR	\$	<u><u>186,805</u></u>

NOTES TO CASH FLOW STATEMENT:

Interest Paid	\$	-
Income Tax Paid	\$	-

DOUGLAS COUNTY COMMUNITY SERVICES BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2019

<u>FEDERAL GRANTOR</u>	<u>CFDA NUMBER</u>	<u>PROGRAM NUMBER</u>	<u>EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Georgia Department of Behavioral Health and Developmental Disabilities:			
SAPT Block Grant	93.959	44100-261-0262019102	\$ 68,808
SSBG	93.667	44100-261-9072019102	<u>306,494</u>
			\$ <u>375,302</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Georgia Department of Community Affairs:			
Shelter Plus Care	14.267	Multiple	\$ <u>893,601</u>
TOTAL			\$ <u><u>1,268,903</u></u>

DOUGLAS COUNTY COMMUNITY SERVICES BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For The Fiscal Year Ended June 30, 2019

Notes to Schedule:

Note A- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Douglas County Community Services Board under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Douglas County Community Services Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Douglas County Community Services Board.

Note B- Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C- Indirect Cost Rate

Douglas County Community Services Board did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

OTHER REPORTS

ROBERT BAKER and ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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 Community Service Board
Douglas County Community Services Board
Douglasville, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Douglas County Community Services Board, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Douglas County Community Services Board's basic financial statements, and have issued our report thereon dated May 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Douglas County Community Services Board's 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 Douglas County Community Services Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Douglas County Community Services Board's internal control.

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

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

Compliance and Other Matters

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

Purpose of This Report

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

ROBERT BAKER and ASSOCIATES


ROBERT BAKER AND ASSOCIATES

Certified Public Accountants

Albany, Georgia

May 29, 2020

ROBERT BAKER and ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

To The Community Service Board
Douglas County Community Services Board
Douglasville, Georgia

We have audited Douglas County Community Services Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Douglas County Community Services Board's major federal programs for the year ended June 30, 2019. Douglas County Community Services Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Douglas County Community Services Board, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Douglas County Community Services Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Douglas County Community Services Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major

federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Douglas County Community Services Board's internal control over compliance.

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

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

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

ROBERT BAKER AND ASSOCIATES



Certified Public Accountants

Albany, Georgia

May 29, 2020

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 2019

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? _____ yes _____ X no

Significant deficiency(ies) identified not considered to be material weaknesses? _____ yes _____ X none reported

Noncompliance material to financial statements noted? _____ yes _____ X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ yes _____ X no

Significant deficiency(ies) identified not considered to be material weaknesses? _____ yes _____ X none reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516? _____ yes _____ X no

Identification of major programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
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14.267	Shelter Plus Care
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Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes _____ X no

DOUGLAS COUNTY COMMUNITY SERVICES BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For The Fiscal Year Ended June 30, 2019

Section II - Financial Statement Findings

-NONE-

Section III - Federal Award Findings and Questioned Costs

-NONE-

DOUGLAS COUNTY COMMUNITY SERVICES BOARD

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For The Fiscal Year Ended June 30, 2019

Section II - Financial Statement Findings

SIGNIFICANT DEFICIENCIES

Auditor Reference
Number

2018-001 Segregation of Duties - This finding was corrected in FY2019.

2018-002 Program Classification - This finding was corrected in FY2019.

Section III - Federal Award Findings and Questioned Costs

Auditor Reference
Number

2018-003 Continuum of Care - CFDA No. 14.267 Compliance Component: Eligibility - This finding was corrected in FY2019.