

**CHATHAM COUNTY BOARD OF HEALTH
D/B/A
CHATHAM COUNTY PUBLIC HEALTH CENTER
COMPONENT UNIT FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2019**



HILLIARD & MILTON, LLC
Certified Public Accountants
Certified Internal Auditors
Certified Government Auditing Professionals

CHATHAM COUNTY PUBLIC HEALTH CENTER

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HILLIARD & MILTON, LLC

A Professional Services Firm of:
Certified Public Accountants
Certified Government Auditing Professionals
Certified Internal Auditors

Partners:
David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae-Helena, GA 31055
229-868-5614

INDEPENDENT AUDITOR'S REPORT

Lawton Davis, M.D.
District Health Director
District 9, Unit 1
150 Scranton Connector
Brunswick, Georgia 31525-0540

Report on the Financial Statements

We have audited the accompanying component unit financial statements of the governmental activities and each major fund of the Chatham County Board of Health d/b/a Chatham County Public Health Center (Center), a component unit of Chatham County, Georgia, as of and for the year ended June 30, 2019, which collectively comprise the Center's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these component unit 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 component unit 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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 component unit 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 component unit 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 component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Center as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the schedules identified in the Required Supplementary Information section of the accompanying table of contents be presented to supplement the basic component unit financial statements. Such information, although not a part of the basic component unit 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 component unit 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 component unit financial statements, and other knowledge we obtained during our audit of the basic component unit 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 the Chatham County Public Health Center's basic financial statements. The financial information listed as supplemental information in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic 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 supplemental information 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 component unit financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic component unit 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 component unit financial statements or to the basic component unit financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information 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 August 2, 2019, on our consideration of the Center's internal control structure over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Williard & Milton, LLC

McRae-Helena, Georgia

August 2, 2019

CHATHAM COUNTY PUBLIC HEALTH CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Chatham County Public Health Center (the Center), we offer readers of the Center's financial statements this narrative overview and analysis of the Center's financial performance during the fiscal year ended June 30, 2019. Please read in conjunction with the Center's financial statements, which follow this section.

Financial Highlights

- The Center's total net position increased \$7,866,389 or 182.82% over the course of the year's operations. Revenues totaled approximately \$14,834,000 while total expenditures were approximately \$6,967,000.
- Operating grants and contributions decreased 21.49% from fiscal year 2018. This decrease was due to Federal contracts decreasing 15.29% between years to \$1,871,368 from \$2,209,185 and a decrease in grant-in-aid revenue of 21.77% between years to \$3,885,799 from \$4,967,002 for fiscal year 2019 and 2018, respectively.
- Charges for services and general revenues increased 1.05% between years to \$7,809,069 from \$7,727,759 for fiscal years 2019 and 2018, respectively.
- The Centers operating expenses in fiscal year 2019 were approximately \$6,576,000 lower than fiscal year 2018. This decrease was primarily due to a decrease in personnel services of approximately \$6,187,000.
- The Center's financial stability from year-to-year is somewhat dependent on its ability to carry over patient-generated fees from one fiscal year into the following fiscal year to meet total annual funding requirements. The State allows the Center to re-budget and spend carry over funds in the year subsequent to receipt. Administrative claiming is included as this type of funding. The administrative claiming income is designed to obtain Medicaid reimbursement for administrative costs for non-clinical, population-based services attributable to those who are Medicaid eligible.

CHATHAM COUNTY PUBLIC HEALTH CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Center's financial statements, which is comprised of the basic financial statements and the notes to the financial statements. The financial statements also include notes that explain in more detail some of the information in the financial statements. Since the Center is comprised of a single general fund, no fund level financial statements are shown. However, this report contains other supplemental information concerning the individual program statements as required by the Georgia Department of Public Health (DPH).

Required Financial Statements

Government-wide Statements

The government-wide statements report information about the Center as a whole. The Statement of Net Position (page 9) offers short and long-term financial information about the Center. The Statement of Net Position includes all of the Center's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Center and assessing the liquidity and financial flexibility of the Center. The Statement of Net Position is prepared using accounting methods similar to private sector companies.

The Statement of Activities (page 10) accounts for all of the current year revenues and expenditures. The Statement of Activities measures the success of the Center's operations over the past year and can be used to determine whether the Center has successfully recovered all of its costs through client fees, county funding and grant-in-aid revenues.

Fund Financial Statements

Fund financial statements of the Center consists of the following:

- Governmental funds (pages 11,13 and 14) - The Center's basic services are included in a governmental fund, which focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statement provides a detailed short-term view that helps you determine whether or not there are more or fewer financial resources that can be spent in the near future to finance the Center's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (pages 12 and 15) which explains the relationship (or differences) between them.
- Program activities (pages 40-41) - The Center's basic public health services are included as required supplementary information which details the financial inflows and outflows of the program as a means of judging stewardship with DPH budgetary requirements. The individual program statements (pages 44-57) provide more detailed information about the Center's services. The individual program statements are accounting devices that the Center uses to keep track of specific sources of funding and spending for particular purposes and are required by DPH.
- Schedule of Independent Auditor's Proposed Financial Settlement (pages 58) - This schedule identifies funds due to or due from DPH for each contract/program that was completed during the audit period.
- Schedule of State Contractual Assistance (page 59) - This schedule presents all revenues and expenditures of grant-in-aid and/or contracts as required by DPH. It also presents the amounts due to or due from DPH for each applicable program as of June 30, 2019.

CHATHAM COUNTY PUBLIC HEALTH CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Center

The Statement of Net Position and Statement of Activities report information about the Center's net position and the changes in them. One can think of the Center's net position – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Center's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

Net Position

To begin our analysis, a summary of the Center's Statement of Net Position is presented in the Table below.

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Change</u>
Cash	\$ 12,025,506	\$ 11,415,210	\$ 610,296
Accounts receivable	526,309	207,375	318,934
Contracts receivable	105,831	368,906	(263,075)
Due from Department of Public Health	678,515	832,266	(153,751)
Capital assets, net of accumulated depreciation	182,511	253,240	(70,729)
Prepays	8,985	15,827	(6,842)
Deferred outflow of resources	8,230,116	2,468,758	5,761,358
Total assets	<u>21,757,773</u>	<u>15,561,582</u>	<u>6,196,191</u>
Due to Department of Public Health	335,356	306,941	28,415
Other liabilities	1,446,679	2,016,303	(569,624)
Proportionate share of collective net pension liability	8,632,470	8,416,916	215,554
Proportionate share of collective net OPEB liability	4,574,316	7,338,334	(2,764,018)
Deferred inflows of resources	3,205,351	1,785,876	1,419,475
Total liabilities	<u>18,194,172</u>	<u>19,864,370</u>	<u>(1,670,198)</u>
Invested in capital assets	182,511	253,240	(70,729)
Net position - restricted	4,205,530	3,933,638	271,892
Net position - unrestricted	(824,440)	(8,489,666)	7,665,226
Total net position	<u>\$ 3,563,601</u>	<u>\$ (4,302,788)</u>	<u>\$ 7,866,389</u>

As can be seen from this table, net position increased approximately \$7,866,000 to \$3,563,601 in fiscal year 2019 up from (\$4,302,788) in fiscal year 2018. The increase in net position was primarily due the results of current year operations (summarized below). Cash increased approximately \$610,000 million due to current year operations and resulting decreases in total liabilities from the prior year end.

CHATHAM COUNTY PUBLIC HEALTH CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position

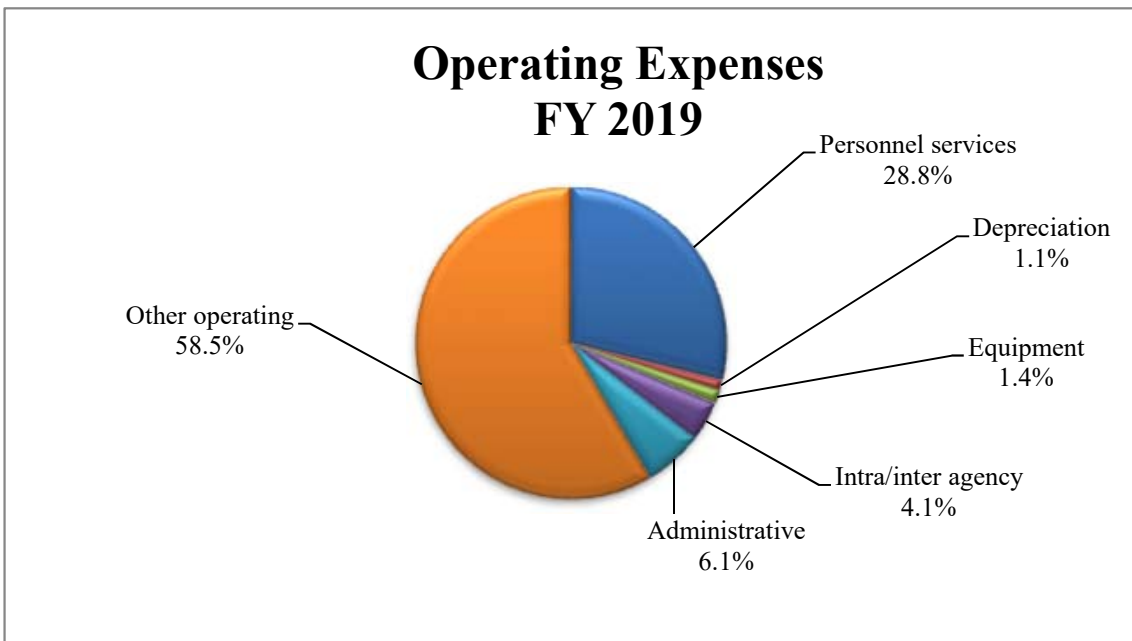
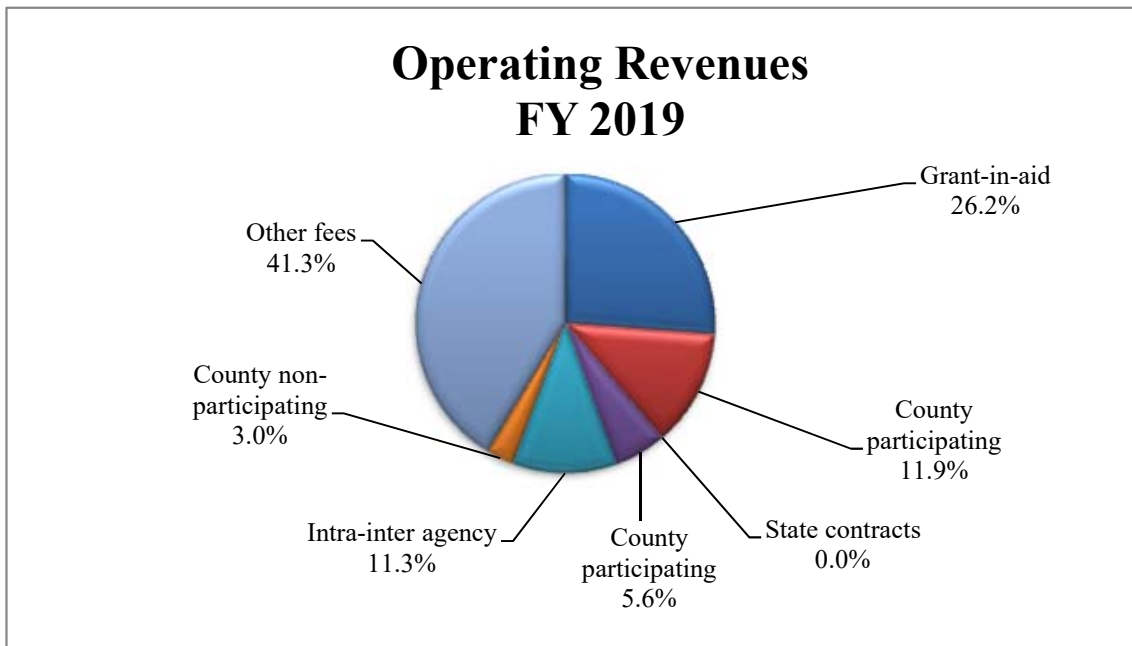
The following table is a summary of the major changes in net assets compared to the prior year as shown in the Statement of Activities.

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Change</u>
Revenues:			
Grant-in-aid	\$ 3,885,799	\$ 4,967,002	\$ (1,081,203)
Federal contracts	1,871,368	2,209,185	(337,817)
State contracts	-	503,665	(503,665)
County participating	827,000	827,000	-
County non-participating	440,544	440,544	-
Other income and fees	6,125,524	5,956,268	169,256
Intra/inter agency	1,683,545	1,771,491	(87,946)
Total revenues	<u>14,833,780</u>	<u>16,675,155</u>	<u>(1,841,375)</u>
Expenditures:			
Personnel services	2,004,845	8,192,052	6,187,207
Depreciation	76,981	81,909	4,928
Equipment	94,334	87,882	(6,452)
Intra/inter agency	288,035	241,754	(46,281)
Administrative cost allocation	424,706	393,769	(30,937)
Other operating	4,078,490	4,545,805	467,315
Total expenditures	<u>6,967,391</u>	<u>13,543,171</u>	<u>6,575,780</u>
Change in net position	7,866,389	3,131,984	4,734,405
Prior period adjustment - GASB 75	-	(8,551,344)	8,551,344
Net position - beginning	<u>(4,302,788)</u>	<u>1,116,572</u>	<u>(5,419,360)</u>
Net position - ending	<u>\$ 3,563,601</u>	<u>\$ (4,302,788)</u>	<u>\$ 7,866,389</u>

CHATHAM COUNTY PUBLIC HEALTH CENTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following graphs illustrate the breakout of the Center's operating revenues and expenses by major category as presented in the Statement of Activities.



CHATHAM COUNTY PUBLIC HEALTH CENTER
MANAGEMENT’S DISCUSSION AND ANALYSIS

Budgetary Highlights

The Center adopts an annual Operating Budget. The Operating Budget includes proposed expenses and the means of financing them. The Center’s operating budget remains in effect the entire year. Budgeted amounts are as originally adopted and as amended by the Center. Individual amendments were approved by the Board of Health and DPH. Expenditures that exceed the budgeted amounts by more than ten percent (10%) require approval of DPH for reimbursement. All capital investments other than donations must be budgeted. The Center submits revisions of the budget as required to DPH. Appropriations lapse at the end of the applicable grant or contract fiscal year. Differences between actual and budgeted revenues from current year operations was (\$445,075).

Economic Factors and Next Year’s Budget

The Center prepares a budget for each fiscal year based on the clients served and funding available from DPH and other sources. The funding available for any given year may change during the year based on budget constraints of the granting agency. As of the end of fiscal year 2019 the Center does not know the total amount of funding that will be available for operations during the next fiscal year, but management does not anticipate it will be materially different from current year amounts.

Requests For Information

This financial report is designed to provide a general overview of the Center’s finances. Questions concerning any information provided in this report or request for additional financial information should be addressed to the District Administrator, Coastal Health District, 150 Scranton Connector, Brunswick, Georgia 31525-0540.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Cash	\$ 12,025,506
Accounts receivable	526,309
Contracts receivable	105,831
Due from the Department of Public Health	678,515
Capital assets, net of accumulated depreciation of \$1,202,933	182,511
Prepays	8,985
	13,527,657
DEFERRED OUTFLOWS OF RESOURCES (Note III. F and G.)	8,230,116
LIABILITIES	
Current liabilities:	
Accounts payable	776,902
Due to the Department of Public Health	335,356
Compensated absences	133,955
	1,246,213
Long-term liabilities -	
Compensated absences	535,822
Proportionate share of collective net pension liability	8,632,470
Proportionate share of collective net OPEB liability	4,574,316
	14,988,821
DEFERRED INFLOWS OF RESOURCES (Note III. F and G.)	3,205,351
NET POSITION	
Net investment in capital assets	182,511
Restricted for prior year program income	4,205,530
Unrestricted	(824,440)
	\$ 3,563,601
	\$ 3,563,601

The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Activities
Year Ended June 30, 2019

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental activities -				
Public health services	\$ 6,967,391	\$ 3,718,415	\$ 9,429,477	\$ 6,180,501
	General revenues:			
	Intra/inter agency			1,683,545
	Donations			2,343
	Total general revenues			1,685,888
	Change in net position			7,866,389
	Net position - beginning			(4,302,788)
	Net position - ending			\$ 3,563,601

The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund
ASSETS	
Cash	\$ 12,025,506
Accounts receivable	526,309
Contracts receivable	105,831
Due from Department of Public Health	678,515
Prepays	8,985
Total assets	\$ 13,345,146
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 776,902
Due to Department of Public Health	335,356
Total liabilities	1,112,258
Fund balance:	
Nonspendable	8,985
Restricted -	
Prior year program income	4,205,530
Unassigned	8,018,373
Total fund balance	12,232,888
Total liabilities and fund balances	\$ 13,345,146

The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Reconciliation of the Balance Sheet to the Statement of Net Position
Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total governmental fund balance	\$ 12,232,888
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	182,511
Some liabilities, including net pension obligation, are not due and payable in the current period and, therefore, are not reported in the funds.	
Proportionate share of collective net pension liability	(8,632,470)
Proportionate share of collective net OPEB liability	(4,574,316)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflow of employer contributions after the measurement date	2,210,888
Deferred outflows of resources - changes in proportion and differences between employer contributions and proportionate share of contributions	6,019,228
Deferred inflows of resources related to pensions	(198,934)
Deferred inflows of resources related to OPEB	(3,006,417)
Certain liabilities, such as compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds	(669,777)
Net position of governmental activities	\$ 3,563,601

The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Governmental Funds
Year Ended June 30, 2019

	Total Governmental Fund
REVENUES	
DPH - grant-in-aid	\$ 3,885,799
Federal contracts	1,871,368
State contracts	-
Contracts - private	2,404,766
County participating	827,000
County non-participating	440,544
Outpatient client fees	637,682
Outpatient medicaid fees	260,885
Outpatient medicare fees	46,773
Family planning fees	94,732
Environmental fees	763,582
Health check	-
Intergovernmental revenue	-
Administrative claiming	834,815
Vital records fees	591,018
Breasttest and more fees	18,171
Private insurance fees	404,114
Donations	2,343
Other local funds	36,063
Other income	30,580
Intra/inter agency - WIC	820,320
Intra/inter agency	863,225
Total revenues	14,833,780
EXPENDITURES	
Personnel services:	
Salaries	5,648,146
Fringe benefits	3,238,769
	8,886,915
Equipment	100,586
Intra/inter agency	288,035
Administrative cost allocation	424,706
Other operating:	
Travel	132,953
All other operating	3,945,537
	4,078,490
Total expenditures	13,778,732
Net change in fund balance	\$ 1,055,048

The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2019

FUND BALANCE - NONSPENDABLE	
Fund balance - nonspendable - beginning of year	\$ 15,827
Deductions -	
Transfer to fund balance - unassigned	(6,842)
	(6,842)
Fund balance - nonspendable - end of year	\$ 8,985
FUND BALANCE - RESTRICTED	
Fund balance - restricted - beginning of year	\$ 3,933,638
Additions -	
Local fees carried forward	3,603,167
Other non-fee revenue carried forward	278
Deductions -	
Transfer to prior year program income	(3,331,553)
	(3,331,553)
Fund balance - restricted - end of year	\$ 4,205,530
FUND BALANCE - UNASSIGNED	
Fund balance - unassigned - beginning of year	\$ 7,228,375
Additions -	
Excess county non-participating funds and vital records fees carried forward	783,156
Deductions -	
Transfer to fund balance - nonspendable	6,842
	6,842
Fund balance - unassigned - end of year	\$ 8,018,373

The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Reconciliation of the Statement of Revenues and Expenditures -
Governmental Funds to the Statement of Activities
Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$	1,055,048
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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.

Capital outlay	\$	6,252	
Depreciation expense		<u>(76,981)</u>	(70,729)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions		1,212,948	
Cost of benefits earned net of employee contributions (pension expense)		<u>4,461,507</u>	5,674,455

Net OPEB obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the statement of activities			1,215,892
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In the statement of activities, certain operating expenses - compensated absences (vacations) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid).

Compensated absences 6/30/2019	\$	669,777	
Compensated absences 6/30/2018		<u>661,500</u>	(8,277)

Change in net position of governmental activities	\$		<u><u>7,866,389</u></u>
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The accompanying independent auditor's report and notes to financial statements are an integral part of these financial statements.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The component unit financial statements of Chatham County Public Health Center (Center) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Center are described below.

The Chatham County Board of Health d/b/a Chatham County Public Health Center (Center) is a fiscal component unit of Chatham County, Georgia. The Center provides various health services for citizens in Chatham County, Georgia under a contract with the Georgia Department of Public Health (DPH). Under this contractual agreement DPH provides certain administrative and other services to the Center in addition to the grant-in-aid funding. These services are funded through other Governmental entities or directly by DPH and therefore the value of these services is not reflected in these financial statements. Based on the contract with DPH, fixed assets cannot be disposed of without approval of DPH. In the event the Center was to dissolve, all fixed assets would return to Chatham County, Georgia, DPH, or to the donating agency. All fixed assets are owned either by Chatham County, Georgia, DPH, or the donating agency.

The Center's financial statements include all the accounts of the Center functions and activities. There are no component units.

B. 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 Center. Governmental activities are normally supported by client fees, intergovernmental revenues from Chatham County, Georgia and grant-in-aid from DPH.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable activities with a specific function or identifiable program. *Program revenues* include 1.) charges to customers or applicants who purchase, use, or directly benefit from services provided by the Center and 2.) grants and contributions that are restricted to meeting the operational requirement of a particular function or identifiable program as specified by DPH and county participating funds and other granting agencies.

Donations, intra/inter agency revenues, and certain other income not properly included among program revenues are reported instead as general revenues.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported 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. Client fees are recognized as revenues in the year for which they are earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources management 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 Center 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 a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

All material governmental fund expenditures are classified as current. All governmental fund revenues of the Center are considered susceptible to accrual.

The Center reports the following governmental fund –

The *general fund* is the Center's primary operating fund. It accounts for all financial resources of the component unit government, except those required to be accounted for in another fund.

The Center has no proprietary or fiduciary funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1.) charges to customers for services and events provided, and 2.) grant-in-aid from DPH. Intra/inter agency revenues are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all donations and other miscellaneous receipts.

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Deposits and investments

The Center's cash and cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

2. Accounts receivable and due from DPH

The Center expects all accounts receivable and amounts due from DPH to be fully collected. There is no specific collateral provided for them.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

3. Capital assets

Capital assets include equipment and various furniture and fixtures purchased during the performance of the Center's programs. Depreciation of capital assets is computed using the straight-line method. Equipment, furniture, and fixtures with cost in excess of \$5,000 and computer and related equipment are depreciated over a five-year life.

4. Pension plan

The employees of the Center participate in the Georgia State Employees Retirement System administered by the State of Georgia. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees' Retirement System (ERS) and 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.

5. Postemployment Benefits Other Than Pensions (OPEB)

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

6. Compensated absences

Annual and sick leave costs are accrued as a liability as the benefits are earned. Employees can earn annual leave at the rate of ten (10) hours per month during the first five (5) years of employment; twelve (12) hours per month after five (5) through ten (10) years of employment; and fourteen (14) hours per month after ten (10) years of employment. There is no requirement that annual leave be taken, but the maximum accumulation is forty-five (45) days. 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 \$669,777. This amount includes \$37,372 and \$143,888 in tax liabilities and health insurance related to compensated absences, respectively.

Employees accumulate sick leave at the rate of ten (10) hours per month. The maximum permissible accumulation is ninety (90) days. 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. Accumulated sick leave benefits have not been recorded as a liability because these benefits are paid only upon the illness of an employee, and the amount of such payments cannot be reasonably estimated.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents and acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

7. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Center is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** - fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (ie., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** - fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** - fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the County Board of Health through the adoption of a resolution. The County Board of Health also may modify or rescind the commitment.
- **Assigned** - fund balances are reported as assigned when amounts are constrained by the Center’s intent to be used for specific purpose, but are neither restricted nor committed. Through resolution, the County Board of Health has authorized the District Administrator to assign fund balances.
- **Unassigned** - fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Center reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

8. Net position flow assumption

Sometimes the Center will fund outlays for a particular purpose from both restricted (e.g., prior year program income) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Center’s policy to consider restricted – net position to have been depleted before unrestricted - net position is applied.

9. Fund balance flow assumptions

Sometimes the Center will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Center’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

E. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and budgetary accounting

The Center prepares a budget for the fiscal year prior to the beginning of the fiscal year based on the clients served and funding available from DPH and other sources. The budget is submitted to DPH for approval. Expenditures that exceed the budgeted amounts by more than ten percent (10%) require approval of DPH for reimbursement. All capital investments other than donations must be budgeted. The Center submits revisions of the budget as required to DPH. Appropriations lapse at the end of the applicable grant or contract fiscal year.

Budgeted amounts are as originally adopted and as amended by the Center. Individual amendments were approved by the Board of Health and DPH.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES TO ALL FUNDS

A. 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. At June 30, 2019, the carrying amount of the Center's bank deposits was \$12,021,100 and the bank balance was \$12,065,009. The Center also had an imprest petty cash fund of \$4,406. As of June 30, 2019, the Center did not have any balances exposed to custodial credit risk as uninsured and uncollateralized by GASB pronouncements.

B. Due from (to) the Department of Public Health (DPH)

Amount due from DPH:

Program 001 - April, May and June reimbursement request	\$ 538,327
Program 053 - April, May and June reimbursement request	28,647
Program 094 - June reimbursement request	101,863
Program 115 - June reimbursement request	1,549
Program 271 - June reimbursement request	8,129
	<u>\$ 678,515</u>

Amount due to DPH:

Program 001 - Adjustment for initial operating advance	(220,763)
Program 053 - Adjustment for initial operating advance	(7,784)
Program 094 - Adjustment for initial operating advance	(79,306)
Program 115 - Adjustment for initial operating advance	(11,035)
Program 141 - Adjustment for initial operating advance	(432)
Program 271 - Adjustment for initial operating advance	(16,036)
	<u>(335,356)</u>

Due from (to) DPH, net \$ 343,159

C. Related Party

During the year the Center received County participating and non-participating revenues of \$827,000 and \$440,544, respectively, from Chatham County, Georgia.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES TO ALL FUNDS

D. Capital Assets

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

	Balance June 30, 2018	Increase	Decrease	Balance June 30, 2019
Equipment and vehicles	\$ 1,379,192	\$ 6,252	\$ -	\$ 1,385,444
Accumulated depreciation	(1,125,952)	(76,981)	-	(1,202,933)
Governmental activities - Capital assets, net	\$ 253,240	\$ (70,729)	\$ -	\$ 182,511

E. Fund Equity

Fund Balances:

- **Restricted** – The following fund balances are restricted:

General Fund -

Funds received and carried over to the next fiscal year. These funds are not surplus fee income but are restricted to use by program 053	<u>\$ 602,085</u>
Funds received and carried over to the next fiscal year. These funds are not surplus fee income but are restricted to use by program 216	<u>\$ 278</u>
Prior year program income - are surplus fee income resulting from an excess of program income over expenditures. These funds must be expended during the next fiscal year.	<u>\$ 3,603,167</u>

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

F. Retirement Benefits

General Information about the Employees' Retirement System

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

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

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

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

Contributions: Member contributions under the old plan are 4% of annual compensation, up to \$4,200, plus 6% of annual compensation in excess of \$4,200. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Agency's total required contribution rate for the year ended June 30, 2019 was 24.78% of annual covered payroll for old and new plan members and 21.78% for GSEPS members. The rates include the annual actuarially determined employer contribution rate of 24.66% of annual covered payroll for old and new plan members and 21.66% for GSEPS members, plus a 0.12% adjustment for the HB 751 one-time benefit adjustment of 3% to retired state employees. The Agency's contributions to ERS totaled \$1,212,948 for the year ended June 30, 2019. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

F. Retirement Benefits

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

At June 30, 2019, the Center reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The Center's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2018. At June 30 2018, the Employer's proportion was 0.209983%, which was an increase (decrease) of 0.002738% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Center recognized pension expense (benefit) of (\$4,461,507). At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 268,486	\$ -
Changes of assumptions	406,699	-
Net difference between projected and actual earnings on pension plan investments	-	198,934
Changes in proportion and differences between Employer contributions and proportionate share of contributions	5,191,726	-
Employer contributions subsequent to the measurement date	1,212,948	-
Total	\$ 7,079,859	\$ 198,934

The Center's contributions subsequent to the measurement date of \$1,212,948 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:

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

F. Retirement Benefits

Year ended June 30:	
2020	\$ 3,893,762
2021	2,193,796
2022	(330,694)
2023	(88,887)
2024	-
Thereafter	-

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

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

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

F. Retirement Benefits

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Fixed income	30.00 %	(0.50) %
Domestic large equities	37.20	9.00
Domestic mid equities	3.40	12.00
Domestic small equities	1.40	13.50
International developed market equities	17.80	8.00
International emerging market equities	5.20	12.00
Alternatives	5.00	10.50
Total	<u>100.00 %</u>	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount rate: The discount rate used to measure the 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 of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

F. Retirement Benefits

	1% Decrease (6.30%)	Current discount rate (7.30%)	1% Increase (8.30%)
Employer's proportionate share of the net pension liability	\$ 12,278,422	\$ 8,632,470	\$ 5,526,026

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

G. Other Postemployment Benefits

General Information about the State OPEB Fund

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

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

Contributions: As established by the Board, the State OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the State OPEB Fund from the Employer Agency were \$997,940 for the year ended June 30, 2019. Active employees are not required to contribute to the State OPEB Fund.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

G. Other Postemployment Benefits

General Information about the SEAD-OPEB Plan

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

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

Contributions: Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2019.

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

At June 30, 2019, the Center reported a liability (asset) of \$4,574,316 for its proportionate share of the net OPEB liability for State OPEB Fund \$5,119,633 and SEAD-OPEB (\$545,317). The net OPEB liability (asset) 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 (asset) as of June 30, 2018 was determined using standard roll-forward techniques. The Center's proportion of the net OPEB liability (asset) for the State OPEB Fund was actuarially determined based on employer contributions during the fiscal year ended June 30, 2018. The Center's proportion of the net OPEB liability (asset) for the SEAD-OPEB Plan 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 Center's State OPEB Fund proportion was 0.195736%, which was an increase (decrease) of 0.003100% from its proportion measured as of June 30, 2017. At June 30, 2018, the Center's SEAD-OPEB Plan proportion was 0.201487%, which was an increase (decrease) of 0.005239% from its proportion measured as of June 30, 2017.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

G. Other Postemployment Benefits

For the year ended June 30, 2019, the Center recognized OPEB expense (benefit) of \$(453,449) for the State OPEB Fund and \$235,497 for the SEAD-OPEB Plan. At June 30, 2019, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>State OPEB Fund</u>		<u>SEAD-OPEB Plan</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 402,660	\$ 5,958	\$ -
Changes of assumptions	-	1,855,788	28,017	-
Net difference between projected and actual earnings on OPEB plan investments	118,342	-	-	90,151
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	378,478	-	279,340
Employer contributions subsequent to the measurement date	<u>997,940</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,116,282</u>	<u>\$ 2,636,926</u>	<u>\$ 33,975</u>	<u>\$ 369,491</u>

The Center's contributions subsequent to the measurement date of \$997,940 for State OPEB Fund 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 expense as follows:

	<u>State OPEB Fund</u>	<u>SEAD-OPEB Plan</u>
Year ended June 30:		
2020	\$ (872,830)	\$ (171,870)
2021	(872,830)	(128,574)
2022	(613,166)	(27,541)
2023	(159,758)	(7,531)
2024	-	-
Thereafter	-	-

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

G. Other Postemployment Benefits

Actuarial assumptions:

State OPEB Fund:

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	3.25 – 7.00%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.50%
Medicare Eligible	5.50%
Ultimate trend rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2028
Medicare Eligible	2022

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

- For ERS, JRS and LRS members: The RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward 2 years or both males and females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB and set back 7 years for males and set forward 3 years for females is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

G. Other Postemployment Benefits

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

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Fixed income	30.00 %	(0.50) %
Domestic stocks - large cap	37.20 %	9 %
Domestic stocks - mid cap	3.40 %	12 %
Domestic stocks - small cap	1.40 %	13.5 %
International stocks - developed markets	17.80 %	8 %
International stocks - emerging markets	5.20 %	12 %
Alternatives	5.00 %	10.5 %
	<u>100.00 %</u>	

Discount rate: The discount rate has changed since the prior measurement date from 3.60% to 5.22%. In order to measure the total OPEB liability for the State OPEB Fund, a single equivalent interest rate of 5.22% was used as the discount rate. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.87% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2040. Therefore, the calculated discount rate of 5.22% was applied to all periods of projected benefit payments to determine the total OPEB liability.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

G. Other Postemployment Benefits

Sensitivity of the Employer Agency’s proportionate share of the net OPEB liability to changes in the discount rate: The following presents the Employer Agency’s proportionate share of the net OPEB liability calculated using the discount rate of 5.22%, as well as what the Employer Agency’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.22%) or 1percentage-point higher (6.22%) than the current discount rate:

	<u>1% Decrease (4.22%)</u>	<u>Current discount rate (5.22%)</u>	<u>1% Increase (6.22%)</u>
Net OPEB liability (asset)	\$ 6,082,305	\$ 5,119,633	\$ 4,324,289

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB liability (asset)	\$ 4,223,337	\$ 5,119,633	\$ 6,215,836

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

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

G. Other Postemployment Benefits

Actuarial assumptions:

SEAD-OPEB Plan:

The total OPEB 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	
ERS	3.25 – 7.00%, including inflation
GJRS	4.50%, including inflation
LRS	N/A
Investment rate of return	7.30%, net of OPEB plan investment expense including inflation
Healthcare cost trend rate	N/A

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

The actuarial assumptions used in the June 30, 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 OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

G. Other Postemployment Benefits

Asset class	Target allocation	Long-term expected real rate of return
Fixed income	30.00 %	(0.50) %
Domestic large equities	37.20	9.00
Domestic mid equities	3.40	12.00
Domestic small equities	1.40	13.50
International developed market equities	17.80	8.00
International emerging market equities	5.20	12.00
Alternatives	5.00	10.50
Total	100.00 %	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount rate: The discount rate used to measure the total OPEB liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	1% Decrease (6.30%)	Current discount rate (7.30%)	1% Increase (8.30%)
Employer's proportionate share of the net OPEB liability (asset)	\$ (293,814)	\$ (545,317)	\$ (751,464)

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

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Financial Statements

June 30, 2019

IV. OTHER INFORMATION

A. Contingencies

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

B. Other

The Center receives 21.39% of its direct funding, including other financing sources, through DPH. This funding is subject to program compliance audits by DPH or its designee. The amount, if any, of expenditures which may be disallowed by DPH, cannot be determined at this time, although the Center expects such amounts, if any, to be immaterial.

V. SUBSEQUENT EVENTS

The Center assessed events that have occurred subsequent to June 30, 2019 through August 2, 2019 for potential recognition and disclosure in the component unit financial statements. No events have occurred that would require adjustment to or disclosure in the component unit financial statements which were issued on August 2, 2019.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Employees' Retirement System
Years Ended June 30th

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability	0.209983%	0.207245%	0.222278%	0.228908%	0.233900%
Employer's proportionate share of the net pension liability	\$ 8,632,470	\$ 8,416,916	\$ 10,514,677	\$ 9,273,959	\$ 8,772,696
Employer's covered - employee payroll during the measurement period	\$ 5,713,032	\$ 5,378,687	\$ 5,458,126	\$ 5,704,507	\$ 5,703,966
Employer's proportionate share of the net pension liability as a percentage of its covered - employee payroll	151.10%	156.49%	192.64%	162.57%	153.80%
Plan fiduciary net position as a percentage of the total pension liability	76.68%	76.33%	72.34%	76.20%	77.99%
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Employer's proportion of the net pension liability					
Employer's proportionate share of the net pension liability					
Employer's covered - employee payroll during the measurement period					
Employer's proportionate share of the net pension liability as a percentage of its covered - employee payroll					
Plan fiduciary net position as a percentage of the total pension liability					

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

Refer to Notes to Required Supplementary Information

CHATHAM COUNTY PUBLIC HEALTH CENTER
Required Supplementary Information
Schedule of Contributions
Employees' Retirement System
Years Ended June 30th

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,212,948	\$ 1,328,815	\$ 1,261,197	\$ 1,277,595	\$ 1,149,316
Contributions in relation to the contractually required contribution	<u>1,212,948</u>	<u>1,328,815</u>	<u>1,261,197</u>	<u>1,277,595</u>	<u>1,149,316</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered - employee payroll	<u>\$ 5,240,945</u>	<u>\$ 5,713,032</u>	<u>\$ 5,378,687</u>	<u>\$ 5,458,126</u>	<u>\$ 5,704,507</u>
Contributions as a percentage of covered - employee payroll	<u>23.14%</u>	<u>23.26%</u>	<u>23.45%</u>	<u>23.41%</u>	<u>20.15%</u>
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 972,223				
Contributions in relation to the contractually required contribution	<u>972,223</u>				
Contribution deficiency (excess)	<u>\$ -</u>				
Center's covered - employee payroll	<u>\$ 5,703,966</u>				
Contributions as a percentage of covered - employee payroll	<u>17.04%</u>				

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

Refer to Notes to Required Supplementary Information

CHATHAM COUNTY PUBLIC HEALTH CENTER
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability
State OPEB Fund and SEAD-OPEB Plan
Years Ended June 30th

	Employer's proportion of the net OPEB liability	Employer's proportionate share of the net OPEB liability	Employer's covered payroll	Employer's proportionate share of the net OPEB liability as a percent of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
<u>State OPEB Fund</u>					
2019	0.195736%	\$ 5,119,633	\$ 5,713,032	89.61%	31.48%
2018	0.192636%	\$ 7,848,393	\$ 5,378,687	145.92%	17.34%
2017					
2016					
2015					
2014					
2013	Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.				
2012					
2011					
2010					
<u>SEAD-OPEB Plan</u>					
2019	0.201487%	\$ (545,317)	\$ 2,879,332	-18.94%	129.46%
2018	0.196248%	\$ (510,059)	\$ 2,857,891	-17.85%	130.17%
2017					
2016					
2015					
2014					
2013	Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.				
2012					
2011					
2010					

Refer to Notes to Required Supplementary Information

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses) -
Actual and Budget - General Fund
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance,</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
DPH - grant-in-aid	\$ 3,560,229	\$ 4,094,058	\$ 3,885,799	\$ (208,259)
Federal contracts	636,046	2,636,945	1,871,368	(765,577)
State contracts	459,733	-	-	-
Contracts - private	500,000	2,551,258	2,404,766	(146,492)
County participating	827,000	827,000	827,000	-
County non-participating	440,544	440,544	440,544	-
Outpatient client fees	420,000	402,000	637,682	235,682
Outpatient medicaid fees	207,700	206,700	260,885	54,185
Outpatient medicare fees	15,000	45,000	46,773	1,773
Family planning fees	43,649	77,000	94,732	17,732
Environmental fees	700,000	700,000	763,582	63,582
Health check	70,000	-	-	-
Intergovernmental revenue	-	-	-	-
Administrative claiming	600,000	600,000	834,815	234,815
Vital records fees	602,000	610,000	591,018	(18,982)
Breasttest and more fees	-	20,000	18,171	(1,829)
Private insurance fees	235,000	315,000	404,114	89,114
Donations	1,000	1,000	2,343	1,343
Other local funds	394,081	40,000	36,063	(3,937)
Other income	26,800	28,805	30,580	1,775
Intra/inter agency - WIC	830,000	820,320	820,320	-
Intra/inter agency	819,370	863,225	863,225	-
	<u>11,388,152</u>	<u>15,278,855</u>	<u>14,833,780</u>	<u>(445,075)</u>
OTHER FINANCING SOURCES				
Transfer from fund balance - restricted - other	-	81,345	81,345	-
Transfer from fund balance - restricted - prior year program income	3,230,912	3,250,208	3,250,208	-
	<u>3,230,912</u>	<u>3,250,208</u>	<u>3,250,208</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 14,619,064</u>	<u>\$ 18,610,408</u>	<u>\$18,165,333</u>	<u>\$ (445,075)</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses) -
Actual and Budget - General Fund
Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance, Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Personnel services:				
Salaries			\$ 5,648,146	
Fringe benefits			3,238,769	
	<u>\$ 8,226,438</u>	<u>\$ 10,358,839</u>	<u>8,886,915</u>	<u>\$ 1,471,924</u>
Equipment	<u>97,573</u>	<u>130,137</u>	<u>100,586</u>	<u>29,551</u>
Intra/inter agency	<u>275,618</u>	<u>290,618</u>	<u>288,035</u>	<u>2,583</u>
Administrative cost allocation	<u>304,445</u>	<u>484,456</u>	<u>424,706</u>	<u>59,750</u>
Other operating:				
Travel			132,953	
All other operating			3,945,537	
	<u>5,714,990</u>	<u>7,346,358</u>	<u>4,078,490</u>	<u>3,267,868</u>
Total expenditures	<u>14,619,064</u>	<u>18,610,408</u>	<u>13,778,732</u>	<u>4,831,676</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	4,386,601	<u>\$ 4,386,601</u>
OTHER FINANCING (USES)				
Transfer to fund balance - restricted - prior year program income			(3,603,167)	
Transfer to fund balance - restricted - other			(278)	
Transfer to fund balance - unassigned			<u>(783,156)</u>	
Excess of revenues and other financing sources over expenditures and other financing (uses)			<u>\$ -</u>	

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Required Supplementary Information

June 30, 2019

PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

1. Changes of Assumptions

ERS Pension and SEAD-OPEB

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

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.

State OPEB Fund

Changes of 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.

2. Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	19.4 years
Asset valuation method	5-year smoothed market
Inflation rate	2.75%
Salary increases	3.25% - 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Required Supplementary Information

June 30, 2019

BUDGETS

1. Budgets and budgetary accounting

The Center prepares a budget for the fiscal year prior to the beginning of the fiscal year based on the clients served and funding available from DPH and other sources. The budget is submitted to DPH for approval. Expenditures that exceed the budgeted amounts by more than ten percent (10%) require approval of DPH for reimbursement. All capital investments other than donations must be budgeted. The Center submits revisions of the budget as required to DPH. Appropriations lapse at the end of the applicable grant or contract fiscal year.

Budgeted amounts are as originally adopted and as amended by the Center. Individual amendments were approved by the Board of Health and DPH.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses)
Actual and Budget - General Fund
Program 001 - Public Health
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
DPH - grant-in-aid	\$ 2,378,019	\$ 2,481,975	\$ (103,956)
County participating	827,000	827,000	-
County non-participating	440,544	440,544	-
Contract-private	63,364	59,733	3,631
Private insurance fees	315,144	235,000	80,144
Environmental fees	763,582	700,000	63,582
Family planning fee	94,732	77,000	17,732
Vital record fees	591,018	610,000	(18,982)
Breasttest and more fees	18,171	20,000	(1,829)
Outpatient client fees	635,451	400,000	235,451
Outpatient Medicare fees	18,201	15,000	3,201
Medicaid - family planning	86,088	70,000	16,088
Medicaid - DSPS/RSO	43,193	33,000	10,193
Medicaid - EPSDT	95,754	70,000	25,754
Administrative claimin	834,815	600,000	234,815
Other income	30,575	28,800	1,775
Intra/inter agency - WIC	820,320	820,320	-
Intra/inter agency	835,551	835,551	-
Donations	2,343	1,000	1,343
Other local funds	30,575	30,000	575
	<u>8,924,440</u>	<u>8,354,923</u>	<u>569,517</u>
OTHER FINANCING SOURCES			
Prior year program income - fees	3,195,054	3,195,054	-
	<u>3,195,054</u>	<u>3,195,054</u>	<u>-</u>
Total revenues and other financing sources	<u>\$ 12,119,494</u>	<u>\$ 11,549,977</u>	<u>\$ 569,517</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses)
Actual and Budget - General Fund
Program 001 - Public Health
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
EXPENDITURES			
Personnel services:			
Salaries	\$ 3,620,086		
Fringe benefits	2,085,558		
	<u>5,705,644</u>	<u>\$ 6,378,763</u>	<u>\$ 673,119</u>
Equipment	<u>86,682</u>	<u>114,051</u>	<u>27,369</u>
Intra/inter agency	<u>288,035</u>	<u>290,618</u>	<u>2,583</u>
Administrative cost allocation	<u>124,382</u>	<u>124,382</u>	<u>-</u>
Other operating:			
Travel	70,769		
All other operating	1,825,243		
	<u>1,896,012</u>	<u>4,642,163</u>	<u>2,746,151</u>
Total expenditures	<u>8,100,755</u>	<u>11,549,977</u>	<u>3,449,222</u>
Excess of revenues and other financing sources over expenditures:	4,018,739	<u><u>\$ -</u></u>	<u><u>\$ 4,018,739</u></u>
OTHER FINANCING (USES)			
Transfer to fund balance - restricted - prior year program income	(3,235,583)		
Transfer to fund balance - unassigned	<u>(783,156)</u>		
Excess of revenues and other financing sources over expenditures and other financing (uses)	<u><u>\$ -</u></u>		

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 016- Community Care
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
Medicaid - DSPS/RSO	\$ 700	\$ 700	\$ -
Intra/inter agency	27,674	27,674	-
Total revenues	<u>28,374</u>	<u>28,374</u>	<u>-</u>
EXPENDITURES			
Personnel services:			
Salaries	2,429		
Fringe benefits	1,759		
	<u>4,188</u>	<u>4,188</u>	<u>-</u>
Equipment	<u>811</u>	<u>811</u>	<u>-</u>
Other operating:			
Travel	-		
All other operating	23,375		
	<u>23,375</u>	<u>23,375</u>	<u>-</u>
Total expenditures	<u>28,374</u>	<u>28,374</u>	<u>-</u>
Excess of revenues over expenditure:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources
Actual and Budget - General Fund
Program 032 - SPLOST Capital Expenditures
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Other income	\$ 5	\$ 5	\$ -
Total revenues	<u>5</u>	<u>5</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfer in from restricted fund balance:			
Other	<u>35,858</u>	<u>35,858</u>	<u>-</u>
Total revenues and other financing sources	<u>35,863</u>	<u>35,863</u>	<u>-</u>
EXPENDITURES			
Other operating	<u>35,863</u>	<u>35,863</u>	<u>-</u>
Total expenditures	<u>35,863</u>	<u>35,863</u>	<u>-</u>
Excess of revenues over expenditure:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses)
Actual and Budget - General Fund
Program 053- AIDS Ambulatory Care
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
DPH - grant-in-aid	\$ 115,130	\$ 115,130	\$ -
Outpatient client fees	2,231	2,000	231
Outpatient Medicare fees	28,572	30,000	(1,428)
Outpatient Medicaid fees	35,150	33,000	2,150
Private insurance fees	88,970	80,000	8,970
Contracts - private	1,994,490	1,970,000	24,490
Other local funds	5,488	10,000	(4,512)
Total revenues	<u>2,270,031</u>	<u>2,240,130</u>	<u>29,901</u>
OTHER FINANCING SOURCES			
Transfer in from restricted fund balance:			
Other	-	-	-
Prior year program income - fees	55,154	55,154	-
Total revenues and other financing sources	<u>2,325,185</u>	<u>2,295,284</u>	<u>29,901</u>
EXPENDITURES			
Personnel services:			
Salaries	705,757		
Fringe benefits	414,895		
	<u>1,120,652</u>	<u>1,120,652</u>	<u>-</u>
Equipment	12,814	15,000	2,186
Administrative cost allocation	40,000	40,000	-
Other operating:			
Travel	23,410		
All other operating	760,725		
	<u>784,135</u>	<u>1,119,632</u>	<u>335,497</u>
Total expenditures	<u>1,957,601</u>	<u>2,295,284</u>	<u>337,683</u>
Excess of revenues and other financing sources over expenditures	367,584	<u>\$ -</u>	<u>\$ 367,584</u>
OTHER FINANCING (USES)			
Transfer to fund balance - restricted:			
prior year program income	<u>(367,584)</u>		
Excess of revenues and other financing sources over expenditures and other financing (uses)	<u>\$ -</u>		

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 067 - Title III Ryan White
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Federal contract	\$ 1,353,430	\$ 2,020,453	\$ (667,023)
Total revenues	<u>1,353,430</u>	<u>2,020,453</u>	<u>(667,023)</u>
EXPENDITURES			
Personnel services:			
Salaries	444,820		
Fringe benefits	254,582		
	<u>699,402</u>	<u>1,235,222</u>	<u>535,820</u>
Administrative cost allocation	<u>48,500</u>	<u>82,500</u>	<u>34,000</u>
Other operating:			
Travel	20,135		
All other operating	585,393		
	<u>605,528</u>	<u>702,731</u>	<u>97,203</u>
Total expenditures	<u>1,353,430</u>	<u>2,020,453</u>	<u>667,023</u>
Excess of revenues over expenditure:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 079 - Clinical Trials
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance, Favorable (Unfavorable)
REVENUES			
Contracts - private	\$ 325,387	\$ 500,000	\$ (174,613)
Total revenues	<u>325,387</u>	<u>500,000</u>	<u>(174,613)</u>
EXPENDITURES			
Personnel services:			
Salaries	133,101		
Fringe benefits	79,818		
	<u>212,919</u>	<u>362,000</u>	<u>149,081</u>
Administrative cost allocation	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Other operating:			
Travel	524		
All other operating	71,944		
	<u>72,468</u>	<u>98,000</u>	<u>25,532</u>
Total expenditures	<u>325,387</u>	<u>500,000</u>	<u>174,613</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 094 - Ryan White Aids Project
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
DPH - grant-in-aid	\$ 1,102,952	\$ 1,192,118	\$ (89,166)
Total revenues	<u>1,102,952</u>	<u>1,192,118</u>	<u>(89,166)</u>
EXPENDITURES			
Personnel services:			
Salaries	412,232		
Fringe benefits	225,955		
	<u>638,187</u>	<u>700,600</u>	<u>62,413</u>
Administrative cost allocation	<u>97,000</u>	<u>121,750</u>	<u>24,750</u>
Other operating:			
Travel	8,701		
All other operating	359,064		
	<u>367,765</u>	<u>369,768</u>	<u>2,003</u>
Total expenditures	<u>1,102,952</u>	<u>1,192,118</u>	<u>89,166</u>
Excess of revenues over expenditure:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 115 - Perinatal Initiative
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
DPH - grant-in-aid	\$ 122,150	\$ 122,607	\$ (457)
Total revenues	<u>122,150</u>	<u>122,607</u>	<u>(457)</u>
EXPENDITURES			
Personnel services:			
Salaries	62,912		
Fringe benefits	26,442		
	<u>89,354</u>	<u>89,354</u>	<u>-</u>
Equipment	<u>279</u>	<u>275</u>	<u>(4)</u>
Administrative cost allocation	<u>15,448</u>	<u>15,448</u>	<u>-</u>
Other operating:			
Travel	2,150		
All other operating	14,919		
	<u>17,069</u>	<u>17,530</u>	<u>461</u>
Total expenditures	<u>122,150</u>	<u>122,607</u>	<u>457</u>
Excess of revenues over expenditure:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 141 - HIV/AIDS Core Surveillance
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
DPH - grant-in-aid	\$ 4,800	\$ 4,800	\$ -
Total revenues	<u>4,800</u>	<u>4,800</u>	<u>-</u>
EXPENDITURES			
Administrative cost allocation	<u>600</u>	<u>600</u>	<u>-</u>
Other operating -			
All other operating	<u>4,200</u>	<u>4,200</u>	<u>-</u>
Total expenditures	<u>4,800</u>	<u>4,800</u>	<u>-</u>
Excess of revenues over expenditure:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues, Expenditures and Other Financing Sources (Uses)
Actual and Budget - General Fund
Program 216 - Safety Net Care Navigator
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
Contracts - private	\$ 21,525	\$ 21,525	\$ -
Total revenues	<u>21,525</u>	<u>21,525</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfer from restricted fund balance - other	<u>45,487</u>	<u>45,487</u>	<u>-</u>
Total revenues and other financing sources	<u>67,012</u>	<u>67,012</u>	<u>-</u>
EXPENDITURES			
Personnel services:			
Salaries	40,725		
Fringe benefits	24,748		
	<u>65,473</u>	<u>65,751</u>	<u>278</u>
Other operating:			
Travel	-		
All other operating	1,261		
	<u>1,261</u>	<u>1,261</u>	<u>-</u>
Total expenditures	<u>66,734</u>	<u>67,012</u>	<u>278</u>
Excess of revenues and other financing sources over expenditures:	278	<u>\$ -</u>	<u>\$ 278</u>
OTHER FINANCING (USES)			
Transfer to fund balance - restricted - other	<u>(278)</u>		
Excess of revenues and other financing sources over expenditures and other financing (uses):	<u>\$ -</u>		

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 271 - Ryan White Part B Aids Initiative
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
DPH - grant-in-aid	\$ 162,748	\$ 177,428	\$ (14,680)
EXPENDITURES			
Personnel services:			
Salaries	91,874		
Fringe benefits	55,054		
	<u>146,928</u>	<u>157,284</u>	<u>10,356</u>
Administrative cost allocation	<u>10,951</u>	<u>10,951</u>	<u>-</u>
Other operating:			
Travel	4,683		
All other operating	186		
	<u>4,869</u>	<u>9,193</u>	<u>4,324</u>
Total expenditures	<u>162,748</u>	<u>177,428</u>	<u>14,680</u>
Excess of revenues over expenditure:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 504 - Ryan White Part D
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
Federal contracts	\$ 486,963	\$ 552,502	\$ (65,539)
Total revenues	<u>486,963</u>	<u>552,502</u>	<u>(65,539)</u>
EXPENDITURES			
Personnel services:			
Salaries	113,937		
Fringe benefits	69,664		
	<u>183,601</u>	<u>205,459</u>	<u>21,858</u>
Administrative cost allocation	<u>42,825</u>	<u>42,825</u>	<u>-</u>
Other operating:			
Travel	2,524		
All other operating	258,013		
	<u>260,537</u>	<u>304,218</u>	<u>43,681</u>
Total expenditures	<u>486,963</u>	<u>552,502</u>	<u>65,539</u>
Excess of revenues over expenditure:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Statement of Revenues and Expenditures
Actual and Budget - General Fund
Program 636 - Ryan White III Capacity Development
Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance, Favorable (Unfavorable)</u>
REVENUES			
Federal contracts	\$ 30,975	\$ 63,990	\$ (33,015)
Total revenues	<u>30,975</u>	<u>63,990</u>	<u>(33,015)</u>
EXPENDITURES			
Personnel services:			
Salaries	20,273		
Fringe benefits	294		
	<u>20,567</u>	<u>39,566</u>	<u>18,999</u>
Administrative cost allocation	<u>5,000</u>	<u>6,000</u>	<u>1,000</u>
Other operating:			
Travel	57		
All other operating	5,351		
	<u>5,408</u>	<u>18,424</u>	<u>13,016</u>
Total expenditures	<u>30,975</u>	<u>63,990</u>	<u>33,015</u>
Excess of revenues over expenditure:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Schedule of Independent Auditor's
Proposed Financial Settlement
Year Ended June 30, 2019

Program Name	Program Number	Proposed Financial Settlement
Public Health	001	\$ -
Community Care	016	\$ -
SPLOST - Capital Expenditures	032	\$ -
AIDS Ambulatory Care	053	\$ -
Title III Ryan White	067	\$ -
Clinical Trials	079	\$ -
Ryan White Aids Project	094	\$ -
Perinatal Initiative	115	\$ -
HIV AIDS Core Surveillance	141	\$ -
Safety Net Care Navigator	216	\$ -
Ryan White Part B Aids Initiative	271	\$ -
Ryan White Part D	504	\$ -
Ryan White III Capacity Development	636	\$ -

Refer to accompanying independent auditor's report.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Schedule of State Contractual Assistance
Year Ended June 30, 2019

<u>Program Name</u>	<u>Program Number</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Amount Due (to) from State</u>	
Grant-in-aid passed through the Department of Public Health:					
Public Health	001	\$ 2,378,019	\$ 2,378,019	\$ 317,564	
AIDS Ambulatory Care	053	115,130	115,130	20,863	
Ryan White Aids Project	094	1,102,952	1,102,952	22,557	
Perinatal Initiative	115	122,150	122,150	(9,486)	
HIV/AIDS Core Surveillance	141	4,800	4,800	(432)	
Ryan White Part B Aids Initiative	271	162,748	162,748	(7,907)	
		<u>\$ 3,885,799</u>	<u>\$ 3,885,799</u>	<u>\$ 343,159</u>	
				Amount Due (to) from State	
<u>Program Name</u>	<u>Program Number</u>	<u>Contract Number</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>State</u>
Department of Health and Human Services Contract					
Title III Ryan White	067	6H76HA00089-27-01	787,080	787,080	-
Title III Ryan White	067	6H76HA00089-28-00	566,350	566,350	81,230
Ryan White Part D	504	2H12HA24792-06-00	98,720	98,720	-
Ryan White Part D	504	5H12HA24792-07-00	388,243	388,243	18,732
Ryan White III Capacity Development	636	1P06HA32514-01-00	30,975	30,975	5,869
			<u>\$ 1,871,368</u>	<u>\$ 1,871,368</u>	<u>\$ 105,831</u>
Total Other Contracts - Due from amount reflected in contracts receivable					
			<u>\$ 5,757,167</u>	<u>\$ 5,757,167</u>	<u>\$ 448,990</u>

Refer to accompanying independent auditor's report.



HILLIARD & MILTON, LLC

A Professional Services Firm of:
Certified Public Accountants
Certified Government Auditing Professionals
Certified Internal Auditors

Partners:
David Hilliard, CPA
Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae-Helena, GA 31055
229-868-5614

**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***

Lawton Davis, M.D.
District Health Director
District 9, Unit 1
150 Scranton Connector
Brunswick, Georgia 31525-0540

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 component unit financial statements of the governmental activities and each major fund of the Chatham County Board of Health d/b/a Chatham County Public Health Center (Center) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated August 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the component unit financial statements, we considered the Center'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 component unit financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 preceding paragraph 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 the Center's component unit financial statements are free of 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.

Hilliard & Milton, LLC

McRae-Helena, Georgia

August 2, 2019



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Chris Milton, CPA, CIA, CGAP

18 S. Third Ave.
McRae-Helena, GA 31055
229-868-5614

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

Lawton Davis, M.D.
District Health Director
District 9, Unit 1
150 Scranton Road
Brunswick, Georgia 31525

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center'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 the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Williard & Milton, LLC

McRae-Helena, Georgia

August 2, 2019

CHATHAM COUNTY PUBLIC HEALTH CENTER

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

1. **SUMMARY OF AUDITOR'S RESULTS:**

Financial Statements

- (i) Type of report the auditor issued: Unmodified
- (ii) Internal control over financial reporting:
 - Material weakness(es) identified? No
 - Significant deficiency(s) identified? None reported
- (iii) Noncompliance material to component unit financial statements noted: No

Federal Awards

- (iv) Internal control over major programs:
 - Material weakness(es) identified? No
 - Significant deficiency(s) identified? None reported
- (v) Type of auditor's report issued on compliance for major federal programs: Unmodified
- (vi) Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
- (vii) The Center's major programs:

Department of Health and Human Services

HIV Care Formula Grants 93.917 \$ 1,265,700

- (viii) Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000
- (ix) The Center qualifies as a low-risk auditee? Yes

2. **SIGNIFICANT DEFICIENCIES AND FINDINGS RELATING TO THE COMPONENT UNIT FINANCIAL STATEMENTS:**

None reported

CHATHAM COUNTY PUBLIC HEALTH CENTER

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

3. SIGNIFICANT DEFICIENCIES AND FINDINGS RELATING TO FEDERAL AWARDS:

Significant deficiencies effecting federal awards addressed previously -

None reported

Findings effecting federal awards addressed previously -

None reported

4. PRIOR YEAR FINDINGS AND SIGNIFICANT DEFICIENCIES:

Prior Year Findings – None reported.

Prior Year Significant Deficiencies – None reported.

CHATHAM COUNTY PUBLIC HEALTH CENTER
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

FEDERAL GRANTOR/PASS THROUGH ENTITY GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Program Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Grants to Provide Outpatient Early Intervention with Respect to HIV Disease	93.918	6H76HA00089-28-00	566,350
Grants to Provide Outpatient Early Intervention with Respect to HIV Disease	93.918	6H76HA00089-27-01	787,080
Grants to Provide Outpatient Early Intervention with Respect to HIV Disease	93.918	1P06HA32514-01-00	30,975
Coordinated Services and Access to Research for Women, Infants, Children and Youth	93.153	2H12HA24792-07-00	388,243
Coordinated Services and Access to Research for Women, Infants, Children and Youth	93.153	2H12HA24792-06-00	98,720
Pass through Georgia Department of Public Health:			
HIV Care Formula Grants	93.917	Program 094	1,102,952
HIV Care Formula Grants	93.917	Program 271	162,748
HIV / AIDS Surveillance	93.944	Program 141	4,800
Maternal and Child Health Services Block Grant to the States	93.994	Program 115	122,150
		Total US. Department of Health & Human Services	<u>3,264,018</u>
		Total Expenditures of Federal Awards	<u>\$ 3,264,018</u>

Refer to accompanying independent auditor's report and notes
to schedule of expenditures of federal awards.

CHATHAM COUNTY PUBLIC HEALTH CENTER

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Chatham County Public Health Center, a component unit of Chatham County, Georgia. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note I.C. to the Center's component unit financial statements.