

GATEWAY BEHAVIORAL HEALTH SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 - OPEB LIABILITIES, OPEB EXPENSES, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 69,446
Changes of assumptions	-	186,939
Net difference between projected and actual earnings on OPEB plan investments	13,507	-
Changes in proportion and differences between Employer Agency contributions and proportionate share of contributions	258,853	1,805,514
Employer Agency contributions subsequent to the measurement date	<u>36,220</u>	<u>-</u>
Total	\$ <u>308,580</u>	\$ <u>2,061,899</u>

Employer Agency contributions subsequent to the measurement date of \$36,220 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ended June 30:	
2021	\$ (589,675)
2022	(713,271)
2023	(412,559)
2024	(74,034)
2025	0
Thereafter	0

Actuarial Assumptions

The total OPEB liability as of June 30, 2019, was determined by an actuarial valuation as of June 30, 2018 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, 2019:

Inflation	2.75%
Salary Increases	3.25-7.00%, including inflation
Long-term rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.250%
Medicare Eligible	5.375%
Ultimate trend rate	
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2028
Medicare Eligible	2022

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NOTE 12 - OPEB LIABILITIES, OPEB EXPENSES, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB - CONTINUED

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:

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014, and adopted by the pension Board on December 17, 2015. The next experience study for ERS will be for the period ending June 30, 2019.

Discount Rate

The discount rate has changed since the prior measurement date from 5.22% to 7.30%. In order to measure the total OPEB liability for the State OPEB Fund, a single equivalent interest rate of 7.30% was used as the discount rate. The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2120. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees indefinitely. Therefore, the calculated discount rate of 7.30% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer Agency's share of the collective net OPEB liability to changes in the discount rate:

	1% Decrease (6.30%)	Current Discount Rate (7.30%)	1% Increase (8.30%)
Net OPEB Liability (Asset)	\$ 247,957	\$ 200,287	\$ 159,763

Sensitivity of the Employer Agency's proportionate share of the net OPEB liability to changes in the healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Asset)	\$ 153,910	\$ 200,287	\$ 255,328

OPEB Plan Fiduciary Net Position

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

NOTE 13- RELATED PARTY TRANSACTIONS

Distinctive Housing Solutions, Inc. (a component unit) was established for the purpose of improving the quality of life for low-income persons with behavioral health and developmental disabilities by developing and maintaining affordable housing that promotes individual and economic self-sufficiency.

GATEWAY BEHAVIORAL HEALTH SERVICES

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14- OPERATIONAL CONTROL

On July 18, 2013, in concurrence with the Governor of the State of Georgia, the Commissioner of the Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD) executed the statutory authority provided to DBHDD in O.C.G.A. 37-2-10 to appoint a Manager to oversee the operations of Gateway Behavioral Health Services (Gateway). The Board of Gateway was informed that DBHDD had numerous indications that Gateway's ability to provide State Contracted Services was compromised, placing disability services to local consumers in jeopardy.

The manager was directed to utilize the appropriate measures within the scope of the statutory authority and report to the Commissioner weekly in conducting an assessment of Gateway's status during a 60-day period.

The manager has been kept in place since the distribution of his report in order to provide oversight to the operational changes needed and in order to facilitate financial stability.

Dr. Mark Johnson, M.D., was appointed Chief Executive Officer for Gateway Behavioral Health Services and Manager for DBHDD effective November 16, 2015. No movement has yet been made to reconstitute the Gateway Board of Directors.

NOTE 15- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 10, 2020, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

GATEWAY BEHAVIORAL HEALTH SERVICES

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

For the Year Ended June 30

	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability	0.007831%	0.009035%	0.011493%	0.013998%	0.017412%	0.026814%
Employer's proportionate share of the net pension liability	\$ 323,149	\$ 371,432	\$ 466,769	\$ 662,164	\$ 705,429	\$ 1,005,691
Employer's covered-employee payroll during the measurement period	\$ 178,293	\$ 197,407	\$ 232,935	\$ 284,367	\$ 326,839	\$ 395,301
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	181.25%	188.16%	200.39%	215.83%	215.83%	254.41%
Plan fiduciary net position as a percentage of the total pension liability	76.74%	76.68%	76.33%	72.34%	76.20%	77.99%

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

GATEWAY BEHAVIORAL HEALTH SERVICES
ERS EMPLOYER AGENCY - SCHEDULE OF CONTRIBUTION
EMPLOYEES' RETIREMENT SYSTEM

For the Year Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$43,911	\$49,102	\$57,791	\$70,531	\$80,792	\$79,395	\$88,208	\$92,194	\$84,600	\$90,927
Contributions in relation to the contractually required contribution	\$43,911	\$49,102	\$57,791	\$70,531	\$80,792	\$79,395	\$88,208	\$92,194	\$84,600	\$90,927
Contribution deficiency(excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Agency's covered-employee payroll	\$178,293	\$197,407	\$232,935	\$284,367	\$326,839	\$318,642	\$404,427	\$506,906	\$579,823	\$723,379
Contributions as a percentage of covered-employee payroll	24.63%	24.87%	24.81%	24.80%	24.72%	24.92%	21.81%	18.19%	14.59%	12.57%

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

GATEWAY BEHAVIORAL HEALTH SERVICES

ERS EMPLOYER AGENCY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2020

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

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

GATEWAY BEHAVIORAL HEALTH SERVICES
 SEAD-OPEB EMPLOYER - SCHEDULE OF PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY (ASSET)

For the Year Ended June 30

	2020	2019	2018
Employer's proportion of the net OPEB liability	0.015477%	0.016647%	0.019358%
Employer's proportionate share of the net OPEB liability (Asset)	\$ (43,764)	\$ (45,054)	\$ (50,312)
Employer's covered-employee payroll	\$ 178,293	\$ 197,407	\$ 232,935
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	24.55%	22.82%	21.60%
Plan fiduciary net position as a percentage of the total OPEB liability	129.73%	129.46%	130.17%

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

GATEWAY BEHAVIORAL HEALTH SERVICES
 SEAD-OPEB EMPLOYER - SCHEDULE OF CONTRIBUTIONS
 OTHER POSTEMPLOYMENT BENEFITS

For the Year Ended June 30

	2020	2019	2018
Contractually required contribution	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	\$0	\$0	\$0
Contribution deficiency(excess)	\$0	\$0	\$0
Agency's covered-employee payroll	\$178,293	\$197,407	\$ 232,935
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

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

GATEWAY BEHAVIORAL HEALTH SERVICES
SEAD-OPEB EMPLOYER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2020

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

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.

GATEWAY BEHAVIORAL HEALTH SERVICES
 SHBP - OPEB EMPLOYER - SCHEDULE OF PROPORTIONATE
 SHARE OF THE NET OPEB LIABILITY

For the Year Ended June 30

	2020	2019	2018
Employer's proportion of the collective net OPEB liability	0.016135%	0.037602%	0.088337%
Employer's proportionate share of the collective net OPEB liability	\$ 200,287	\$ 983,513	\$ 3,599,031
Employer's covered-employee payroll during the measurement period	\$ 178,293	\$ 197,407	\$ 232,935
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	112.34%	498.22%	1545.08%
Plan fiduciary net position as a percentage of the total collective OPEB liability	56.57%	31.48%	17.34%

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

GATEWAY BEHAVIORAL HEALTH SERVICES

SHBP - OPEB EMPLOYER - SCHEDULE OF CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS

For the Year Ended June 30

	2020	2019	2018
Contractually required contribution	\$ 36,220	\$ 86,269	\$ 188,603
Contributions in relation to the contractually required contribution	\$ 36,220	\$ 86,269	\$ 188,603
Contribution deficiency(excess)	\$0	\$0	\$0
Agency's covered-employee payroll	\$ 178,293	\$ 197,407	\$ 232,935
Contributions as a percentage of covered-employee payroll	20.31%	43.70%	80.97%

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

GATEWAY BEHAVIORAL HEALTH SERVICES
SHBP-OPEB EMPLOYER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For The Year Ended June 30, 2020

Changes in benefit terms: There have been no changes in benefit terms.

Changes in assumptions:

- June 30, 2017 valuation: The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community services board and public health departments) are now assigned to the State OPEB fund based on their last employer payroll location: irrespective of retirement affiliation.
- The discount rate was updated from 3.09% as of June 30, 2016 to 3.60% as of June 30, 2017 to 5.22% as of June 30, 2018, and to 7.30% as of June 30, 2019.