RICHMOND BEHAVIORAL HEALTH AUTHORITY

A COMPONENT UNIT OF THE CITY OF RICHMOND, VIRGINIA

FINANCIAL STATEMENTS

June 30, 2023

BROWN EDWARDS
certified public accountants

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INTRODUCTORY SECTION

RICHMOND BEHAVIORAL HEALTH AUTHORITY

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2023

BOARD OF DIRECTORS

Irvin Dallas, Chair

Karen Gunther, Vice Chair

Malesia “Nikki” Taylor, Secretary/Treasurer

Tameisha Archer
Stephen Willoughby
Sarah C. Mines
Eduardo Vidal
Ashley Young
Scott Cannady

Kristi Babenko
Jenny Aghomo
Rev. Dana Sally-Allen
Cynthia Newbille, Ph.D.
Brian Maiden, Ph.D.
Shauntell Hammonds

PRINCIPAL MANAGEMENT TEAM

John P. Lindstrom, Ph.D. .... Chief Executive Officer

Shenee McCray .... Chief Operating Officer of Mental Health Services

Scott Ward, LCSW .... Director of Emergency and Justice Support Services

James C. May, Ph.D. .... Chief Operating Officer of Planning, Development, Research, Evaluation and Substance Use Disorders Services

Michael Tutt .... Director of Human Resources

Bill Fellows .... Chief Financial Officer

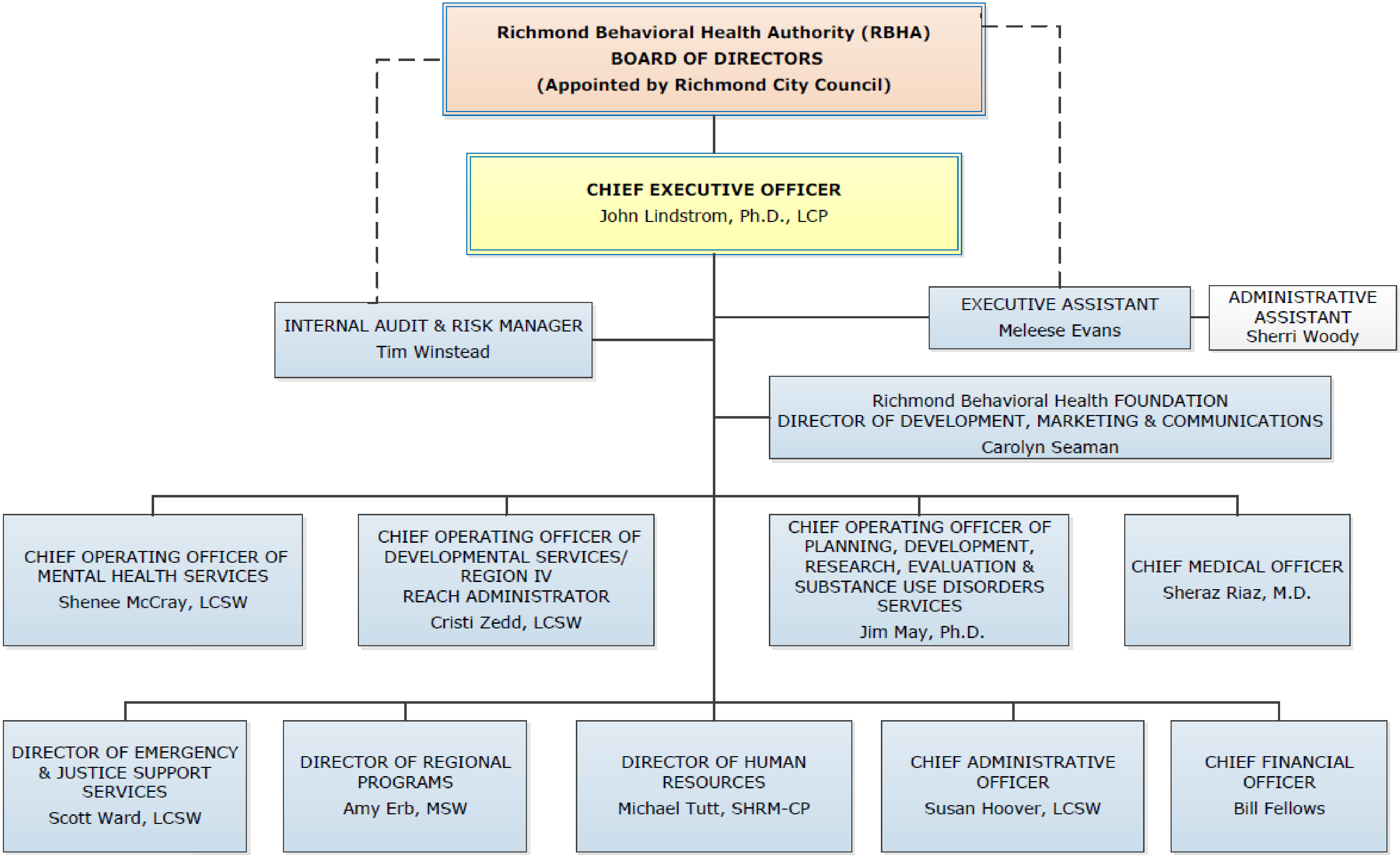
Cristen Zedd, LCSW .... Chief Operating Officer of Developmental Services/ Region IV Reach Administrator

Susan Hoover, LCSW .... Chief Administrative Officer

Steve Buffenstein .... Director of Information Technology

Amy Erb .... Director of Regional Programs

Sheraz Riaz, Ph.D .... Chief Medical Officer


Richmond Behavioral Health Authority (RBHA)
BOARD OF DIRECTORS
(Appointed by Richmond City Council)
CHIEF EXECUTIVE OFFICER
John Lindstrom, Ph.D., LCP
INTERNAL AUDIT & RISK MANAGER
Tim Winstead
EXECUTIVE ASSISTANT
Meleese Evans
ADMINISTRATIVE ASSISTANT
Sherri Woody
Richmond Behavioral Health FOUNDATION
DIRECTOR OF DEVELOPMENT, MARKETING & COMMUNICATIONS
Carolyn Seaman
CHIEF OPERATING OFFICER OF MENTAL HEALTH SERVICES
Shenee McCray, LCSW
CHIEF OPERATING OFFICER OF DEVELOPMENTAL SERVICES/ REGION IV
REACH ADMINISTRATOR
Cristi Zedd, LCSW
CHIEF OPERATING OFFICER OF PLANNING, DEVELOPMENT, RESEARCH, EVALUATION & SUBSTANCE USE DISORDERS SERVICES
Jim May, Ph.D.
CHIEF MEDICAL OFFICER
Sheraz Riaz, M.D.
DIRECTOR OF EMERGENCY & JUSTICE SUPPORT SERVICES
Scott Ward, LCSW
DIRECTOR OF REGIONAL PROGRAMS
Amy Erb, MSW
DIRECTOR OF HUMAN RESOURCES
Michael Tutt, SHRM-CP
CHIEF ADMINISTRATIVE OFFICER
Susan Hoover, LCSW
CHIEF FINANCIAL OFFICER
Bill Fellows

FINANCIAL SECTION

The Financial Section contains the Basic Financial Statements.

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Richmond Behavioral Health Authority
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Richmond Behavioral Health Authority (the "Authority"), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists; we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Authority's 2022 financial statements, and our report dated November 21, 2022 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented therein for the year ended June 30, 2022 is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 9, 2023

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BASIC FINANCIAL STATEMENTS

RICHMOND BEHAVIORAL HEALTH AUTHORITY

STATEMENT OF NET POSITION
June 30, 2023

	2023	(For Comparative Purposes Only) 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	$ 9,897,296	$ 12,176,921
Cash and cash equivalents, restricted (Note 2)	13,641,740	11,609,693
Accounts receivable, net (Note 3)	2,222,305	2,387,327
Due from other governments (Note 4)	3,140,473	1,962,652
Prepaid expenses and other receivables	646,728	457,311
Total current assets	29,548,542	28,593,904
NONCURRENT ASSETS		
Capital assets, net (Note 5)	33,114,070	33,200,428
Total assets	62,662,612	61,794,332
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions (Note 11)	5,654,958	5,071,383
Deferred outflows related to other postemployment benefits (Note 12)	519,009	659,393
Total deferred outflows of resources	6,173,967	5,730,776
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	2,247,332	1,890,038
Accrued payroll and related liabilities	1,971,617	2,028,408
Accrued interest	17,819	20,295
Unearned revenue (Notes 8 and 13)	26,914,320	26,490,486
Compensated absences	2,415,343	2,219,946
Current portion of long-term liabilities (Notes 7 and 9)	1,898,675	1,919,486
Total current liabilities	35,465,106	34,568,659
LONG-TERM LIABILITIES		
Net pension liability (Note 11)	9,593,273	7,924,535
Net other postemployment benefits (Note 12)	4,630,383	4,020,864
Due in more than one year (Notes 7 and 9)	12,418,254	14,312,137
Total long-term liabilities	26,641,910	26,257,536
Total liabilities	62,107,016	60,826,195
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions (Note 11)	2,322,912	3,031,997
Deferred inflows related to other postemployment benefits (Note 12)	180,229	194,011
Total deferred inflows of resources	2,503,141	3,226,008
NET POSITION		
Net investment in capital assets	18,797,141	16,968,805
Unrestricted	(14,570,719)	(13,495,900)
Total net position	$ 4,226,422	$ 3,472,905

The Notes to Financial Statements are an integral part of this statement.

RICHMOND BEHAVIORAL HEALTH AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2023

	2023	(For Comparative Purposes Only) 2022
OPERATING REVENUES		
Net client service revenue (Note 14)	$ 23,575,899	$ 18,326,490
OPERATING EXPENSES		
Salaries and benefits	53,926,011	48,482,304
Client services	8,563,425	8,453,188
Contractual and professional services	9,792,231	8,199,037
Facility	3,805,238	3,099,576
Depreciation and amortization	3,004,560	2,875,333
Insurance and licenses	1,286,427	1,282,789
Supplies	1,365,660	1,266,817
Other	223,405	705,185
Staff development	635,476	480,657
Travel	388,887	368,145
Rentals	219,246	243,946
Total operating expenses	83,210,566	75,456,977
Operating loss	(59,634,667)	(57,130,487)
NONOPERATING REVENUES (EXPENSES)		
Commonwealth of Virginia grants	42,799,346	38,699,574
Federal grants	12,174,143	9,865,430
Contributions from the City of Richmond	4,909,762	4,677,024
Other income	516,067	509,801
Interest income	82,865	3,661
Interest expense	(93,999)	(355,521)
Net nonoperating revenues	60,388,184	53,399,969
Change in net position	753,517	(3,730,518)
NET POSITION		
Beginning at July 1	3,472,905	7,203,423
Ending at June 30	$ 4,226,422	$ 3,472,905

The Notes to Financial Statements are an integral part of this statement.

RICHMOND BEHAVIORAL HEALTH AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2023

	2023	(For Comparative Purposes Only) 2022
OPERATING ACTIVITIES		
Receipts from clients, private insurers, Medicaid, and others	$ 23,974,682	$ 22,363,697
Payments to suppliers	(26,345,879)	(23,811,833)
Payments to and for employees	(52,675,206)	(47,250,670)
Net cash used in operating activities	(55,046,403)	(48,698,806)
NON-CAPITAL FINANCING ACTIVITIES		
Contributions from local, state, and federal governments	58,925,966	58,488,053
Other receipts	516,067	509,801
Net cash provided by non-capital financing activities	59,442,033	58,997,854
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions from state government	203,298	46,828
Acquisition and development of capital assets	(2,918,202)	(1,455,671)
Principal paid on debt	(1,914,694)	(1,852,880)
Interest paid on debt	(96,475)	(335,226)
Net cash used in capital and related financing activities	(4,726,073)	(3,596,949)
INVESTING ACTIVITIES		
Interest received	82,865	3,661
Net increase (decrease) in cash and cash equivalents	(247,578)	6,705,760
CASH AND CASH EQUIVALENTS		
Beginning at July 1	23,786,614	17,080,854
Ending at June 30	$ 23,539,036	$ 23,786,614
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and cash equivalents	$ 9,897,296	$ 12,176,921
Cash and cash equivalents, restricted	13,641,740	11,609,693
	$ 23,539,036	$ 23,786,614

The Notes to Financial Statements are an integral part of this statement.

RICHMOND BEHAVIORAL HEALTH AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended June 30, 2023

	2023	(For Comparative Purposes Only) 2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (59,634,667)	$ (57,130,487)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	3,004,560	2,875,333
Pension expense net of employer contributions	376,078	79,479
Other postemployment benefits expense net of employer contributions	736,121	540,911
(Increase) decrease in:		
Accounts receivable	165,022	4,037,207
Self-insurance refund receivable	-	3,906
Prepaid expenses and other receivables	(189,417)	121,472
Increase (decrease) in:		
Accounts payable	357,294	166,035
Accrued payroll and related liabilities	(56,791)	579,547
Compensated absences	195,397	27,791
Net cash used in operating activities	$ (55,046,403)	$ (48,698,806)

The Notes to Financial Statements are an integral part of this statement.

RICHMOND BEHAVIORAL HEALTH AUTHORITY

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	Custodial Funds
	Non-Regional Funds Held For Others
ASSETS	
Cash and cash equivalents, restricted (Note 2)	$ 5,932,217
NET POSITION	
Restricted for benefit of others	$ 5,932,217

The Notes to Financial Statements are an integral part of this statement.

RICHMOND BEHAVIORAL HEALTH AUTHORITY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2023

	Custodial Funds Non-Regional Funds Held For Others
ADDITIONS	
Amount recognized from the Department of Behavioral Health and Developmental Services	$ 740,614
DEDUCTIONS	
Payments to vendors	698,563
Payments to others	4,850
Total deductions	703,413
Net increase in fiduciary net position	37,201
NET POSITION – AT JULY 1	5,895,016
NET POSITION – AT JUNE 30	$ 5,932,217

The Notes to Financial Statements are an integral part of this statement.

Note 1. Summary of Significant Accounting Policies

Organization and purpose

The Richmond Behavioral Health Authority (the "Authority") was created on July 1, 1996, to provide behavioral health services to residents of the City of Richmond, Virginia (the "City") under applicable sections of the *Code of Virginia*. The Authority provides treatment for community mental health disorders, developmental disabilities, and substance use disorders with a system of services that relate to, and are integrated with, existing and planned programs. Substantially all of the Authority's funding is from service fees, the Commonwealth of Virginia, the Federal Government, and the City.

Reporting entity

The Authority's Board of Directors is appointed by the Richmond City Council. The City provides funding to the Authority that satisfies matching requirements for state grant funding and deems the Authority to be a component unit.

Measurement focus and basis of accounting

The Authority is a governmental health care entity and is required to follow the accounting and reporting practices of the Governmental Accounting Standards Board (GASB). The Authority's financial statements consist of a single enterprise fund and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of the related cash flows.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are fees collected from clients and the related collections from the various third-party insurers, including Medicaid. Operating expenses consist of the direct and indirect costs of fulfilling the programs of the Authority. All other revenues and expenses are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first when allowed.

The Authority also serves as the fiscal agent for certain programs administered by the Department of Behavioral Health and Developmental Services (DBHDS). These funds are custodial funds that do not involve the measurement of results of operations. Funds received and expended under the direction of the DBHDS are included in the accompanying statement of fiduciary net position and statement of changes in fiduciary net position. Custodial funds use the economic resources measurement focus and the accrual basis of accounting.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results (including the ultimate collectability of receivables as discussed below) could differ from those estimates.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Use of estimates (Continued)

The allowance for uncollectible accounts is a significant estimate that involves a great deal of judgment and the consideration of many factors. By nature, this estimate is not precise and requires re-evaluation as the balances, conditions, and factors surrounding client accounts receivable fluctuate. Key factors that affect this calculation are delays in collection from third parties, the need to rebill multiple third-party payers, rate adjustments, and settlements with third-party payers, and the financial assistance provided to clients by the Authority based on their ability to pay.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, checking and savings accounts, and short-term, highly liquid investments (including repurchase agreements) with original maturities of three months or less from the date of acquisition.

Accounts receivable

The Authority internally records and monitors differences between its full established rates and contractual rates. However, at the time of service only estimated realizable amounts are recorded as net client service revenue and as accounts receivable. The estimated realizable amounts include reductions for discounts based on contractual agreements with Medicaid and insurers as well as discounts based on the client's ability to pay. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Retroactive adjustments are reported in operations in the year of settlement.

The Authority's current practice is to charge off all self-pay accounts over 120 days past due. Management has established an allowance for doubtful accounts based on historical collection data and the aging of accounts receivable.

Capital assets

Capital assets include property and equipment with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at date of donation. The costs of normal maintenance and repairs that do not materially add to the value of an asset or its life are expensed. Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives or lease terms:

Leasehold improvements	7-20 years
Furniture and equipment	3-10 years
Motor vehicles	5 years
Computers	3-5 years
Right-of-use leased assets	2-3 years

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets (Continued)

Leased assets are amortized over the shorter of the lease term or useful life of the underlying asset. In leases where a purchase option is reasonably certain of being exercised the asset is amortized over the useful life, unless the underlying asset is nondepreciable, in which the leased asset is not amortized.

Unearned revenue

Unearned revenues consist of amounts which have been received, but for which revenue recognition criteria have not been met. Revenues will be recognized when expenses are incurred in accordance with the grantor's requirements. If such expenses are not incurred, the funds may revert back to the grantor.

Compensated absences

The Authority's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of service subject to certain maximum accumulation amounts. All employees earn the same sick pay rate regardless of the length of service. Sick pay does not vest, is not paid out upon separation, and is not recorded as a liability. Accumulated annual leave up to the maximum limit is paid out upon separation and is recorded as a liability.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Richmond Retirement System (RRS). 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.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then. The Authority has three items that qualify for reporting in this category. The first item is pension contributions subsequent to the measurement date for the net pension liability; this will be applied to the net pension liability in the next fiscal year. The other two are pension related deferrals and other postemployment benefit plan related deferrals.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. These items represent an acquisition of net assets applicable to future periods and so will *not* be recognized as an inflow of resources (revenue) until then. The Authority has two types of items that qualify for reporting in this category. Those are pension related deferrals and other postemployment benefit plan related deferrals. See Notes 11 and 12 for additional pension and other postemployment benefit plan details.

Note 1. Summary of Significant Accounting Policies (Continued)

Financial assistance

The Authority is required to collect the cost of services from third-party sources and those individuals who are able to pay. However, the payment of amounts charged varies based on individual circumstances, and unpaid balances are pursued to the extent of the client's ability to pay. The Authority has established procedures for granting financial assistance in cases of hardship, which results in a substantial reduction and/or elimination of charges to individual clients. Because the Authority does not pursue the collection of such amounts, they are not reported in net revenue.

Leases

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts and/or payments to present value, (2) lease term, and (3) lease receipts and/or payments.

- The Authority uses an estimated incremental borrowing rate as the discount rate for lease.
- The lease term includes the noncancellable periods of the lease. Lease receipts and payments are included in the measurement of the lease receivable or liability, respectively, and are composed of fixed payments.
- The Authority monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease receivable or liability.

Right-of-use lease asset and related lease liability

The Authority is a lessee for noncancellable leases of equipment and motor vehicles. The Authority recognizes an intangible right-to-use asset (lease asset) and a related lease liability on the financial statements. At the commencement of a lease, the Authority initially measures a lease liability at the present value of payments expected to be made during the lease period. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain direct costs. Subsequent to the initial measurement and recognition, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt in the statement of net position.

(Continued)

Note 2. Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the *Code of Virginia.* Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in amount from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Cash and cash equivalents consist of the following:

Petty cash	$ 1,075
Demand deposits	29,470,178
	$ 29,471,253

Reconciliation of cash and cash equivalents to the Statement of Net Position and Statement of Fiduciary Net Position:

	Statement of Net Position	Statement of Fiduciary Net Position	Total
Cash and cash equivalents	$ 9,897,296	$ -	$ 9,897,256
Cash and cash equivalents, restricted	13,641,740	5,932,217	19,573,957
	$ 23,539,036	$ 5,932,217	$ 29,471,253

Restricted cash consists of $13,641,740 for regional funds and $5,932,217 for non-regional funds held for others. See additional discussion in Note 8.

Note 3. Accounts Receivable

Accounts receivable consist of the following:

Virginia Department of Medical Assistance Services (Medicaid)	$ 1,609,714
Direct client, third-party, and other	5,165,314
	6,775,028
Allowance for uncollectible accounts	(4,552,723)
	$ 2,222,305

(Continued)

Note 4. Due From Other Governments

Amounts due from other governments for the reimbursement of expenditures and services provided under various programs and grants consist of the following:

City of Richmond	$ 1,248,189
Commonwealth of Virginia	315,410
Federal government	1,576,874
	$ 3,140,473

Note 5. Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable:				
Land	$ 861,203	$ 517,761	$ -	$ 1,378,964
Construction in progress	593,384	1,006,564	(1,599,948)	-
Capital assets, nondepreciable	1,454,587	1,524,325	(1,599,948)	1,378,964
Capital assets, depreciated:				
Buildings	18,134,076	1,689,303	-	19,823,379
Furniture and equipment	931,324	40,253	-	971,577
Computers	3,122,457	24,485	-	3,146,942
Vehicles	2,670,982	693,025	(212,072)	3,151,935
Regional vehicles	339,131	-	(17,260)	321,871
Leasehold improvements	3,297,556	546,759	-	3,844,315
Capital assets, depreciable	28,495,526	2,993,825	(229,332)	31,260,019
Less accumulated depreciation for:				
Buildings	(1,708,603)	(493,591)	-	(2,202,194)
Furniture and equipment	(619,579)	(97,411)	-	(716,990)
Computers	(2,623,650)	(89,636)	-	(2,713,286)
Vehicles	(1,995,105)	(280,469)	212,072	(2,063,502)
Regional vehicles	(328,867)	(6,843)	17,260	(318,450)
Leasehold improvements	(2,640,046)	(71,024)	-	(2,711,070)
Total accumulated depreciation	(9,915,850)	(1,038,974)	229,332	(10,725,492)
Capital assets depreciable, net	18,579,676	1,954,851	-	20,534,527
Right-of-use leased assets				
Buildings and parking	14,940,937	-	-	14,940,937
Equipment	195,000	-	(12,722)	182,278
Less accumulated amortization	(1,969,772)	(1,965,586)	12,722	(3,922,636)
Total leased assets, net	13,166,165	(1,965,586)	-	11,200,579
Total capital assets, net	$ 33,200,428	$ 1,513,590	$ (1,599,948)	$ 33,114,070

(Continued)

Note 5. Capital Assets (Continued)

Intangible right-to-use lease assets

In 2022, the Authority implemented the guidance in GASB No. 87, *Leases*, and recognized the value of copiers, other equipment, parking, and buildings leased under long-term contracts and lease liabilities (Note 7).

Note 6. Line of Credit

The Authority has a $3,000,000 bank line of credit that was unsecured, payable on demand, and bore interest at LIBOR plus 2.50% at June 30, 2023. Subsequent to June 30, SOFR, the Secured Overnight Financing Rate replaced LIBOR as the benchmark to calculate interest on the line of credit. This is an open end revolving line of credit. The Authority had no outstanding balance at June 30, 2023.

Note 7. Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Lease liabilities	$ 13,457,720	$ -	$ 1,733,914	$ 11,723,806	$ 1,705,543
Note from direct borrowing	2,773,903	-	180,780	2,593,123	193,132
	$ 16,231,623	$ -	$ 1,914,694	$ 14,316,929	$ 1,898,675

Annual debt service requirements are as follows:

	Lease Liabilities		Notes from Direct Borrowings	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$ 1,705,543	$ 197,407	$ 193,132	$ 85,101
2025	1,674,926	167,334	194,980	78,592
2026	1,724,714	136,233	201,713	71,859
2027	1,813,011	103,709	208,680	64,892
2028	1,904,634	69,531	215,886	57,686
2029-2033	2,900,978	37,577	1,196,550	171,310
2034-2035	-	-	382,182	9,953
	$ 11,723,806	$ 711,791	$ 2,593,123	$ 539,393

The note payable of $3,200,000 was issued on December 3, 2019 to finance the purchase of a building, maturing in various annual installments through December 3, 2034 with an interest rate at 3.40%. The note is secured by the Authority's deposits held by the bank.

Lease liability terms and other information is further disclosed at Note 9.

Note 8. Regional Funds – Unearned Revenue

The Authority serves as the fiscal agent for a Regional Program, which is administered by several community services boards, including the Authority, in a region established by the Commonwealth of Virginia (the "Commonwealth"). The Regional Program oversees a pool of Commonwealth funds, and directs the allocation of those funds to various community services boards within the region. The Regional Program has allocated certain of these funds, such as crisis stabilization, directly to the Authority to provide services on behalf of the region. The other programs include discharge assistance program (DAP), MH other regional, MH Permanent Housing acute care local inpatient purchase of services (LIPOS), MH crisis response and child psychology, MH STEP-VA, MH recovery, and other regional. The funds spent in the fiscal year are accounted for as revenues and expenses of the Authority. The funds unearned at June 30, 2022, received by the Authority and spent on behalf of the region during 2023 and the unearned balance at June 30, 2023 consisted of the following:

Unearned revenue:	
Crisis stabilization	$ 135,067
MH other regional	2,789,127
LIPOS	2,419,842
MH crisis response and child psychology	908,532
MH STEP-VA	3,867,278
MH permanent supporting housing	900,000
MH recovery	9,783
Other regional	580,064
Balance, June 30, 2022	$ 11,609,693
Funds received:	
DAP	$ 6,407,541
Crisis stabilization	2,679,877
MH other regional	2,548,393
LIPOS	813,929
MH crisis response and child psychology	1,591,274
MH STEP-VA	5,153,646
MH recovery	1,002,016
Other regional	115,000
Total funds received	$ 20,311,676
Funds spent:	
DAP	$ 5,146,105
Crisis stabilization	2,679,884
MH other regional	2,508,594
LIPOS	679,865
MH crisis response and child psychology	1,960,551
MH STEP-VA	4,218,530
MH recovery	997,181
Other regional	88,919
Total funds spent	$ 18,279,629

(Continued)

Note 8. Regional Funds – Unearned Revenue (Continued)

Unearned revenue:		
DAP	$	1,261,436
Crisis stabilization		135,060
MH other regional		2,828,926
LIPOS		2,553,906
MH crisis response and child psychology		539,255
MH STEP-VA		4,802,394
MH permanent supporting housing		900,000
MH recovery		14,618
Other regional		606,145
Balance, June 30, 2023	$	13,641,740

The $18,279,629 of revenue recognized for funds spent on behalf of the region are included in Commonwealth of Virginia grants nonoperating revenue and the majority of expenses are included in salaries and benefits, contractual and professional services, and client services on the statement of revenues, expenses, and changes in fund net position. Of these funds spent on behalf of the region, $9,141,037 was for services provided directly by the Authority, with the remaining spent on behalf of the remaining participating community services boards.

Note 9. Leases

Lease liabilities

In 2022, the Authority implemented the guidance of GASB No. 87, *Leases*, which for lessees requires reporting an intangible right to use asset and a lease liability for long-term leases that had previously been reported as operating leases.

A summary of significant leases are as follows:

Lease Description	Term	Asset Class	Interest Rate	Balance at June 30, 2023
S. 5th Street Building	01/01/2020-12/31/2029	Buildings and parking	1.843%	$ 10,874,436
Marshall Center	01/01/2019-12/31/2023	Buildings and parking	1.003%	101,887
4th and Canal parking	02/01/2020-01/31/2024	Buildings and parking	1.767%	666,202
Copiers and other equipment	10/11/2019-06/29/2025	Equipment	0.0751-1.169%	81,281
				$ 11,723,806

(Continued)

Note 9. Leases (Continued)

Short-term leases

The Authority leases equipment and housing for residential programs under lease terms which range from monthly to a year.

Rental expense related to short-term equipment leases for 2023 totaled $219,244.

Rental expense for short-term residential housing and related programs totaled $6,606,900 for 2023 and is included in client services on the statement of revenues, expenses, and changes in fund net position.

Note 10. Commitments and Contingencies

Grants

The Authority operates programs that are typically funded by grants received from federal, state, or local sources. Expenditures financed by grants are subject to audit by the grantor. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor. The Authority believes that the likelihood of disallowance of expenditures and subsequent reimbursement is remote and would not have a material effect on the overall financial position of the Authority.

Legal/litigation

The Authority may be involved in potential lawsuits arising in the ordinary course of business. It is management’s belief that any liability resulting from such lawsuits would not be material in relation to the Authority’s financial position.

Note 11. Retirement Plan

Plan description

All full-time permanent employees of the Authority employed prior to July 1, 2006 are covered by a Defined Benefit Pension Plan administered by the RRS. The plan is a multiple-employer cost-sharing Defined Benefit Pension Plan. Members are vested after five years of creditable service. The plan is contributory for employees.

The Defined Benefit and Enhanced Defined Benefit Plans pay a monthly benefit at retirement based on the member’s years of creditable service (up to a maximum of 35 years) and average final compensation. General employees participating in the Defined Benefit and Enhanced Defined Benefit Plans are required to pay contributions of 1.00% or 4.57% of their creditable compensation, respectively. The Defined Benefit Plan formula has a multiplier of 1.75% for general employees whereas the Enhanced Option has a multiplier of 2.00%. A member is eligible for normal retirement on his normal retirement date (age 65). Upon retirement, a member becomes eligible to receive an annual allowance payable in equal monthly installments. The Plan permits early retirement.

(Continued)

Note 11. Retirement Plan (Continued)

Plan description (Continued)

Employees with 30 years of service may retire at any age with unreduced benefits. Employees may retire at age 55 with 5 or more years of service; however, benefits will be reduced by $5/12^{th}$ of 1.00% for each complete month or 5.00% per year by which retirement precedes the earlier of age 65 or the date on which the employee would have completed 30 years of service.

The benefit level is set by formula, regardless of the retirement fund's investment performance. Participating employers contribute an amount each year that varies according to the contribution rate as determined by the RRS's actuary. The participating employers' contributions are invested by outside investment firms with the primary objective of ensuring the security, stability, and continued growth of assets for members' future benefits.

The Code of the City requires that the Plan be maintained on an actuarially sound basis.

The City also offers a Defined Contribution 401(a) Plan as another retirement option. This plan is mandatory for general employees hired on or after July 1, 2006, and optional for senior executives and public safety officers. The RRS is the Trustee for this Plan and has contracted with an independent, not-for-profit financial services organization to administer the Plan. The City and the Authority contribute a percentage of an employee's creditable compensation, based on years of service, to a portable account for investment by the employee. This Plan is non-contributory for employees.

Vested members in the Defined Contribution 401(a) Plan who terminate employment are entitled to the account balance. The account balance of non-vested members who terminate employment is forfeited unless a member is reemployed with a participating employer before a five year lapse and remains in service until vesting. Members of the Defined Contribution 401(a) Plan are eligible for disability retirement benefits under the RRS.

The RRS issues a separate comprehensive annual financial report on the Defined Contribution 401(a) Plan. A copy of the report may be obtained from the RRS's website at www.richmondgov.com/retirement.

The Authority is required to annually contribute to the Defined Benefit Plans an amount as determined by the actuary (expressed as a percentage of payroll) equal to the sum of the "normal contribution" and the "accrued liability contribution." The accrued liability contribution is determined as that amount necessary to amortize the unfunded actuarial accrued liability and any increase or decrease in the unfunded actuarial accrued liability in future years due to changes in actuarial assumptions, changes in the Plan provisions (including the granting of cost-of-living increases) or actuarial gains or losses amortized over a period of 20 years.

Note 11. Retirement Plan (Continued)

Net pension liability

The Authority's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2022, using updated actuarial assumptions, applied to all periods included in the measurement period.

Actuarial method and significant assumptions

The July 1, 2021 valuation developed contribution rates for the fiscal year ending June 30, 2023, using the entry age actuarial cost method.

The amortization method used is a level dollar method over a closed period not to exceed 30 years. For purposes of determining contribution rates, the difference between actual investment earnings and expected investment earnings is recognized over a five year period, with the restriction that the actuarial asset value cannot be less than 90% or greater than 110% of the market value of assets.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Contributions to the Defined Benefit Plans by the Authority were $1,356,863 and $1,667,788 for the years ended June 30, 2023 and 2022, respectively. The contribution rate was 87.37% for 2023. The Authority also contributed $1,660,154 to the Defined Contribution Plans for 2023. The Authority's contribution to the Defined Contribution Plans is 5.00% for employees with less than 5 years of service, 6.00% for employees with 5 to 9 years of service, 8.00% for employees with 10 to 14 years of service, and 10% for employees with 15 years or more of service.

At June 30, 2023, the Authority reported a liability of $9,593,273 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Authority's proportion was 2.82% as compared to 2.94% at June 30, 2021.

For the year ended June 30, 2023, the Authority recognized a pension expense of $1,459,216. Since there was a change in proportionate share between June 30, 2021 and June 30, 2022, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

(Continued)

Note 11. Retirement Plan (Continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

At June 30, 2023, the Authority 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
Other pension deferrals	$ 4,298,095	$ 2,322,912
Employer contributions subsequent to the measurement date	1,356,863	-
	$ 5,654,958	$ 2,322,912

The $1,356,863, reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other deferrals will be amortized against future pension expense.

Actuarial assumptions

The total pension liability for the RRS Retirement Plan was based on an actuarial valuation as of July 1, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	2.50 – 4.00%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

There is no cost of living increase assumption and the assumption is that benefits will not increase after retirement.

Mortality rates

Pub-2010 Below Median Income Table for general employees.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2018.

(Continued)

Note 11. Retirement Plan (Continued)

Long-term expected rate of return

The long-term expected rate of return on RRS investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and 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 best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	June 30, 2022 10 Year Assumptions – Geometric Return
Broad U.S. Equities	29.00 %	6.60 %
International Equities	16.00	6.50
Diversifying Assets	6.00	4.10
Private Equities	4.00	8.00
Fixed Income	29.00	1.75
Private Debt	6.00	5.50
Real Estate (Core)	10.00	5.75
	100.00 %	

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and 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 was applied to all periods of projected benefit payments to determine the total pension liability.

Note 11. Retirement Plan (Continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Authority using the discount rate of 7.00%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Authority's proportionate share of retirement plan net pension liability	$ 12,108,993	$ 9,593,273	$ 7,423,289

Pension plan fiduciary net position

Detailed information about the RRS Retirement Plan's Fiduciary Net Position is available in the separately issued RRS 2022 Annual Financial Report. A copy of the 2022 RRS Annual Financial Report may be downloaded from the City website at https://www.rva.gov/sites/default/files/2022-11/CAFR2022.pdf.

Note 12. Other Postemployment Benefits Liability – Local Plan

Plan description

The Authority pays a portion of the cost of health related insurance benefits to all employees who retire from the Authority. The benefits are comprised of health related group insurance policies through which retirees, their spouses, and eligible unmarried dependents can obtain coverage. Once retirees reach age 65 or are eligible for Medicare they are not entitled to these benefits. The authority to establish and amend the benefit provisions of the plan rests with the Authority's Board. There is no publicly available report for the plan.

The Authority establishes the employer contribution rates and how the plan will be funded as part of the annual budget process. The Authority is on a pay-as-you-go basis and has not funded the plan, therefore there are no plan assets.

Employees covered by benefit terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	Members
Inactive employees or beneficiaries:	
Currently receiving benefits	5
Active plan members	619
	624

Note 12. Other Postemployment Benefits Liability – Local Plan (Continued)

Total OPEB liability

The Authority's total OPEB liability of $4,630,383 was measured as of June 30, 2023 and was determined based on an actuarial valuation performed as of June 30, 2021.

Actuarial assumptions and other inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Healthcare cost trend rates	3.58-5.70%

Healthy Mortality rates: Pub-2010 Table for general employees, headcount-weighted, with mortality improvement according to scale MP-2019.

Disabled Mortality rates: Pub-2010 Table for disabled general employees, headcount-weighted.

All other decrements used in the 2023 valuation are based on the results of the experience study undertaken on behalf of the RRS for the five – year period ending June 30, 2018.

Changes in assumptions and other inputs reflects increasing the discount rate from 3.54% to 3.65%. There have been no other significant changes in benefit terms, assumptions, or other inputs.

Changes in the total OPEB liability

Balance at June 30, 2022	$ 4,020,864
Changes for the year:	
Service cost	648,107
Interest	162,402
Assumption or other input changes	(38,275)
Benefit payments	(162,715)
Net changes	609,519
Balance at June 30, 2023	$ 4,630,383

(Continued)

Note 12. Other Postemployment Benefits Liability – Local Plan (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

	1.00% Decrease (2.65%)	Current Discount Rate (3.65%)	1.00% Increase (4.65%)
Total OPEB liability	$ 5,077,413	$ 4,630,383	$ 4,228,046

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate range of 3.58-5.70%:

	1.00% Decrease	Current Healthcare Cost Trend Rates	1.00% Increase
Total OPEB liability	$ 3,962,277	$ 4,630,383	$ 5,435,054

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2023, the Authority recognized OPEB expense of $898,836. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 147,453
Change in assumptions	519,009	32,776
	$ 519,009	$ 180,229

Note 12. Other Postemployment Benefits Liability – Local Plan (Continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (Continued)

The Authority's amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Increase to OPEB Expense
2024	$ 85,275
2025	85,275
2026	85,275
2027	29,562
2028	27,243
Thereafter	26,150

Note 13. Unearned Revenue

At June 30, 2023, unearned revenue consists of funding for the regional programs (regional funds as described in Note 8), permanent supportive housing, regional educational assessment crisis services habilitation (REACH) programs, and other supportive programs. Unearned revenue consists of:

Regional programs	$ 13,641,740
Permanent supportive housing	2,210,052
REACH	5,536,714
Other supportive programs	5,525,814
	$ 26,914,320

Note 14. Net Client Service Revenue

Net client service revenues were from the following sources:

Medicaid and third-party insurers	$ 23,134,999
Other	440,900
	$ 23,575,899

Note 15. Related Party Transactions

The City contributes local funds to support the provision of behavioral health services to City residents. The Authority also received pass-through federal and state grants from the City totaling $839,021 in 2023. The Authority also participates in the City's retirement system and pays contributions to that plan as described in Note 11.

Note 16. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Authority participates in a self-insured liability plan sponsored by the state of Virginia for local political subdivisions. The plan provides $1,000,000 coverage against public official liability claims. The Authority participates in the Virginia Municipal Liability Pool for comprehensive property and casualty coverage, a general liability coverage (claims made), automobile coverage, and employer's liability. The Authority also is a member of the Virginia Municipal Group Self Insurance Association and obtains workers compensation coverage for Authority employees.

Certain other risks are covered by commercial insurance policies. Management believes the above-described coverage is sufficient to preclude any significant uninsured losses to the Authority. The Authority has had no settlements in excess of insurance coverages or significant reductions in coverage in each of the past three years. The Authority's primary risk of loss is anticipated to be limited to any deductibles not covered by the insurance arrangements.

The Authority is also insured under a commercial public official's policy in the amount of $100,000 that indemnifies the insured against loss of money or property that might result from the fraudulent or dishonest acts of its employees.

The Authority carried commercial health insurance for employees for the year ended June 30, 2023. The Authority's self-insurance health program provides healthcare coverage for employees, retirees, and their dependents. Changes in the estimated claims payable for health insurance is as follows:

Beginning of year	$ 342,821
Incurred claims	4,399,068
Claim payments	(4,671,570)
End of year	$ 70,319

This balance is included in accrued payroll and related liabilities on the statement of net position.

Note 17. Pending Pronouncements

In April 2022, the GASB issued **Statement No. 99**, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

(Continued)

Note 17. Pending Pronouncements (Continued)

In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

RICHMOND BEHAVIORAL HEALTH AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY –
RRS RETIREMENT PLAN
June 30, 2023

Fiscal Year Ended June 30,	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	2.82 %	$ 9,593,273	$ 1,915,971	500.70 %	64.50 %
2022	2.94	7,924,535	1,921,066	412.51	71.80
2021	1.97	7,682,966	2,039,026	376.80	59.20
2020	2.12	7,743,358	2,082,537	371.82	61.00
2019	2.20	6,726,712	2,230,268	301.61	65.10
2018	2.51	7,814,383	2,732,217	286.01	64.00
2017	2.81	9,550,833	2,851,310	334.96	60.30
2016	2.42	7,510,772	3,071,142	244.56	63.50
2015	2.63	8,139,165	3,312,178	245.73	63.80

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the Authority's fiscal year.

RICHMOND BEHAVIORAL HEALTH AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS – RRS RETIREMENT PLAN
June 30, 2023

Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$ 1,356,863	$ 1,356,863	$ -	$ 1,399,178	96.98 %
2022	1,667,788	1,667,788	-	1,915,971	87.05
2021	1,652,533	1,652,533	-	1,921,066	86.02
2020	1,090,640	1,090,640	-	2,039,026	53.49
2019	1,028,295	1,028,295	-	2,082,537	49.38
2018	1,024,564	1,024,564	-	2,230,268	45.94
2017	1,077,412	1,077,412	-	2,732,217	39.43
2016	1,268,797	1,268,797	-	2,851,310	44.50
2015	1,123,560	1,123,560	-	3,071,142	36.58

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the Authority's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

RICHMOND BEHAVIORAL HEALTH AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – LOCAL PLAN
June 30, 2023

	Plan Year		
	2023	**2022**	**2021**
Total OPEB Liability			
Service cost	$ 648,107	$ 481,471	$ 458,649
Interest on total OPEB liability	162,402	80,743	72,471
Difference between expected and actual experience	-	(89,511)	-
Changes in assumptions	(38,275)	350,136	20,043
Employer contributions	(162,715)	(117,168)	(113,129)
Net change in total OPEB liability	609,519	705,671	438,034
Total OPEB liability – beginning	4,020,864	3,315,193	2,877,159
Total OPEB liability – ending	4,630,383	4,020,864	3,315,193
Plan Fiduciary Net Position			
Contributions – employer	162,715	117,168	113,129
Benefit payments	(162,715)	(117,168)	(113,129)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position – beginning	-	-	-
Plan fiduciary net position – ending	-	-	-
Net OPEB liability – ending	$ 4,630,383	$ 4,020,864	$ 3,315,193
Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%
Covered payroll	$ 38,596,135	$ 37,651,766	$ 33,565,182
Net OPEB liability as a percentage of covered payroll	12%	11%	10%

This schedule is intended to show information for 10 years. Since fiscal year 2018 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

Plan Year		
2020	2019	2018
$ 232,257	$ 207,958	$ 213,911
86,537	85,146	74,255
(186,260)	-	-
571,442	91,300	(82,641)
(134,100)	(137,294)	(105,091)
569,876	247,110	100,434
2,307,283	2,060,173	1,959,739
2,877,159	2,307,283	2,060,173
134,100	137,294	105,091
(134,100)	(137,294)	(105,091)
-	-	-
-	-	-
-	-	-
$ 2,877,159	$ 2,307,283	$ 2,060,173
0%	0%	0%
$ 34,114,174	$ 19,288,819	$ 19,288,819
8%	12%	11%

RICHMOND BEHAVIORAL HEALTH AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – LOCAL PLAN
June 30, 2023

Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$ 162,715	$ 162,715	$ -	$ 38,596,135	0.42 %
2022	117,168	117,168	-	37,651,766	0.31
2021	113,129	113,129	-	33,565,182	0.34
2020	134,100	134,100	-	34,114,174	0.39
2019	137,294	137,294	-	19,288,819	0.71
2018	105,091	105,091	-	19,288,819	0.54

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

RICHMOND BEHAVIORAL HEALTH AUTHORITY

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

Note 1. Methods and Assumptions Used to Determine Contribution Rates – Richmond Retirement System

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay over a closed period not to exceed 30 years for police and fire employees; level dollar amount over a closed period not to exceed 30 years for general members.
Remaining amortization period	Unfunded liability amortized over 12 years as of July 1, 2019 with 9 years remaining as of July 1, 2022. Cost of 2019 VRIP amortized over 3 years as of July 1, 2020 with 1 year remaining as of July 1, 2022. Other new bases are amortized over 20 years.
Asset valuation method	Five-year spread of actual over expected investment earnings with the restriction that the resulting value must be within 90%-110% of market value.
Inflation	2.50%
Salary increases – general employees	2.50% to 4.00%
Investment rate of return	7.00%
Retirement age – general employees	20% in 1st year of unreduced retirement eligibility; 10% at age 55 increasing to 100% at age 75.
Retirement age – police and fire employees	25% in 1st year of unreduced retirement eligibility; 10% at age 50 increasing to 100% at age 65.
Mortality – general employees	Pub-2010 Below Median Income Table for General Employees
Mortality – police and fire employees	Pub-2010 Below Median Income Table for Safety Employees

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COMPLIANCE SECTION

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Richmond Behavioral Health Authority
Richmond, Virginia

We have audited, 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 *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Richmond Behavioral Health Authority (the "Authority"), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 9, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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 financial statements. 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 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 9, 2023

BROWN EDWARDS
certified public accountants

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

To the Board of Directors
Richmond Behavioral Health Authority
Richmond, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Richmond Behavioral Health Authority's (the "Authority"), a component unit of the City of Richmond, Virginia, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended June 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal documentation of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control 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.

Report on Internal Control Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 9, 2023

RICHMOND BEHAVIORAL HEALTH AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Department of Education			
Pass-Through Payments:			
Virginia Department of Behavioral Health and Developmental Services:			
Special Education – Grants for Infants and Families	84.181	430850090	$ 280,440
Department of Health and Human Services			
Direct payments:			
Projects for Assistance in Transition from Homelessness	93.150	N/A	259,931
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	N/A	375,924
Covid-19 ARPA - Substance Abuse	93.243	N/A	88,094
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	N/A	1,920,801
Pass-Through Payments:			
Virginia Department of Behavioral Health and Developmental Services:			
Opioid State Targeted Response	93.788	5014310	923,620
Block Grants for Community Mental Health Services	93.958	501380000 501390000	2,595,620
Block Grants for Prevention and Treatment of Substance Abuse	93.959	501490000 501790000	4,260,221
Virginia Department of Social Services			
Temporary Assistance for Needy Families	93.558	BEN-08-007-27	486,966
Total Department of Health and Human Services			10,911,177
Department of Housing and Urban Development			
Pass-Through Payments:			
City of Richmond, Virginia			
Emergency Shelter Grants Program	14.231	4617-2233-09505	123,759
Office of Community Planning and Development			
Continuum of Care Program	14.267	Not available	279,731
Total Department of Housing and Urban Development			403,490
Department of Treasury			
Pass-Through Payments:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	445006	478,136
Department of Justice			
Direct payments:			
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	100,900
Total expenditures of federal awards			$ 12,174,143

Notes:

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the Authority and is presented on the accrual basis of accounting. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

The Authority did not elect to use the 10% de minimis indirect cost rate.

At June 30, 2023, the Authority had no outstanding loan balances requiring continuing disclosure.

See Independent Auditor's Report.

RICHMOND BEHAVIORAL HEALTH AUTHORITY

SUMMARY OF COMPLIANCE MATTERS
June 30, 2023

As more fully described in the 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*, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia
Cash and Investment Laws
Local Retirement Systems
Debt Provisions
Procurement Laws
Uniform Disposition of Unclaimed Property Act

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

RICHMOND BEHAVIORAL HEALTH AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies or material weaknesses** relating to the audit of the financial statements is reported in the 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies or material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The programs tested as major were:

	Assistance Listing #
State Targeted Response to Opioid Crisis Grants	93.788
Certified Community Behavioral Health Clinic Expansion Grants	93.829
Block Grants for the Prevention and Treatment of Substance Abuse	93.959

8. The threshold for distinguishing Type A and B programs was **$750,000**.
9. The Authority was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

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