DICKENSON COUNTY
BEHAVIORAL HEALTH SERVICES

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

DICKENSON COUNTY BEHAVIORAL HEALTH SERVICES
FOR THE YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

DICKENSON COUNTY BEHAVIORAL HEALTH SERVICES

LIST OF BOARD OF DIRECTORS AND OFFICIALS

Board of Directors

T.J. Fryatt, Chairman	Bobby Hammons, Treasurer
Shirley Mullins, Vice-Chairman	Kathy Harrison, Secretary
James A. Rose	Dennis Deel
Jeremy Fleming	

Management Staff

Executive Director	Kevin Mullins
Administrative Assistant	Tonya Tiller
Director of Clinical Services	Brandon Bise
Director of Mental Developmental Services	Donna Fuller
Fiscal Officer	Beth Fleming

DCBHS ORGANIZATIONAL CHART

* Beside the name denotes supervisory responsibility.
\# Beside the name denotes second level supervisor

Dickenson County Behavioral Health Services
Board of Directors

*** Kevin Mullins,** MSW
Executive Director

James Counts
Compliance Officer

Tonya Tiller, BA
Executive Assistant

Taylor Cress
Admin Aide (PT)

*** Donna Fuller,** QDDP
D.S. Programs Director

- **Jennifer Ball,** QPP
  Work Activity Manager
- **# Kaynell Tickle,**BS QDDP
  Dev. Day Program Manager
- **Conan Lyall, QPP**
  Day Program Assistant
- **Paula Stanley,** QPP
  Day Program Assistant
- **Angel Anderson,QPP**
  Day Program Assistant
- **Jeanette Colley,** QPP
  OBRA Services – P.T.
- **Denny Bise**
  VH PRN
- **#Vickie Harris,** BA,QPP
  V.H. Residential Supervisor
- **Karen Creech, QPP**
  Aide – P.T.
- **Lana Rose,** QPP
  Residential Assistant
- **Deborah Martin,** QPP
  Residential Assistant
- **Kaitlyn Fleming**
  Residential Assistant
- **Melena Lester**
  V.H/Day - P.T.
- **Danny Deckard**
  V.H./Day - P.T.
- **Courtney Mullins**
  V.H./Day – P.T.
- **Melissa Mullins, BS,QDDP**
  DD Case Manager
- **Kristen Mahan, LMHPS**
  DD Case Manager
- **Becky Hackney, BS**
  CM – P.T.
- **Jaime Counts, MA, QMHP**
  Utilization Review / CM

*** Brandon Bise,** LPC
Clinical Services Director

- **Brittney Turner,** LPC,
  CSAC / Therapist
- **Colby Ball,** LPC,
  Therapist/Case Manager
- **Brian O'Quinn,** M.S. LMHPE
  Counselor / Case Manager
- **Carrie Hawkins,** B.S., QMHP
  Case Mgr / Housing Support
- **C. Jane Phillips, MSW.**
  MAT / LINK
- **Melissa Robinson,** Med.
  Counselor / Case Manager
- **#Christy Johnson, MSW**
  C.H. Mgr. / CM
- **Natisha Fleming, QPP**
  C.H. Aide. / MH Support
- **Nancy Neece,** QPP
  C.H. Aide. / MH Support
- **Shonna Fannin,** QPP
  MH Support Services
- **Savanah Zenito, QPP**
  C.H. Aide – P.T.
- **Heather Blair**
  FNP
- **Coetta Neece**
  FNP
- **Michele Mullins, R.N.**
  MAT Nurse
- **Jewel Fuller, BS**
  Case Manager
- **David Hall, CSAC-A**
  Drug Court CM
- **Airica Dotson, BS**
  Children Service Specialist
- **Charles Hill, LMHP-E**
  School Counselor
- **Kris Stanley**
  Medical Records Specialist
- **Kenna Edwards**
  Receptionist
- **Whitney Stevens**
  Receptionist
- **Aaron Robinson**
  ES Specialist
- **Rhonda Poston, BS**
  Forensic Discharge Planner
- **Emily Mullins, BS**
  Coalition Prevention – P.T.
- **Dr. Frank Shelp**
  Contract Psychiatrist
- **April Mullins**
  Prevention Coordinator
- **Rozina Branham**
  Prevention Specialist
- **Mitzi Sykes**
  Family Support Advocate
- **Cozetta Fogarty**
  LINK Peer Support
- **Seth Mullins**
  Peer Support Specialist
- **Gloria Witt**
  Peer Support Specialist
- **Marissa Raines**
  Peer Support Specialist
- **Erin Janovec, LPC**
  ES Coordinator
- **Jeff Kennedy, BS, QMHP**
  ES Specialist

Crystal Hill, AAS
Reimbursement Officer

Karin Lewis
MIS

Beth Fleming, BS
Fiscal Officer

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

Independent Auditors' Report

To the Honorable Members of the Board
Dickenson County Behavioral Health Services
Clintwood, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Dickenson County Behavioral Health Services, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Dickenson County Behavioral Health Services' 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 business-type activities of Dickenson County Behavioral Health Services, as of June 30, 2024, and the 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; 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dickenson County Behavioral Health Services, 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dickenson County Behavioral Health Services' 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.

Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, 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 Dickenson County Behavioral Health Services' 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 Dickenson County Behavioral Health Services' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Report on Summarized Comparative Information

We have previously audited Dickenson County Behavioral Health Services' 2023 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Dickenson County Behavioral Health Services' 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2024, on our consideration of Dickenson County Behavioral Health Services' 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 Dickenson County Behavioral Health Services' 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 Dickenson County Behavioral Health Services' internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
November 8, 2024

As management of DICKENSON COUNTY BEHAVIORAL HEALTH SERVICES (DCBHS), we offer readers of DCBHS financial statements this narrative overview and analysis of the financial activities for the Fiscal Year Ended June 30, 2024.

Following this Management Discussion and Analysis are the basic financial statements of DCBHS together with the notes thereto which are essential to a full understanding of DCBHS' financial performance.

DCBHS FINANCIAL OPERATIONS HIGHLIGHTS

Sources of DCBHS revenues (Exhibit 2) changed in each area during FY 2024 as follows:

		2024		2023
Charges for services, net patient service revenues	**$**	**3,131,853**	$	2,580,370
% **Increase (Decrease)**		**21.37%**		
Commonwealth of Virginia	**$**	**3,143,235**	$	2,358,032
% **Increase (Decrease)**		**33.30%**		
Federal Government	**$**	**1,269,747**	$	922,777
% **Increase (Decrease)**		**37.60%**		
Local Governments	**$**	**353,327**	$	651,562
% **Increase (Decrease)**		**-45.77%**		
Other Total	**$**	**316,802**	$	343,243
		-7.70%		

The Board experienced an increase of $1,358,980 or 19.82% increase in overall revenues and non-operating revenues and expenses.

The Board experienced an increase of $707,179 or 12.59% increase in operating expenses.

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SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

	2024	2023
Revenues	**$ 8,214,964**	$ 6,855,984
Expenses	**6,323,377**	5,616,198
Change in Net Position	**$ 1,891,587**	$ 1,239,786

FINANCIAL POSITION SUMMARY

A condensed summary of DCBHS balance sheet at June 30, 2024 and June 30, 2023 is as follows:

	2024	2023
ASSETS:		
Current and Noncurrent assets	**$ 6,264,833**	$ 4,566,719
Capital assets (net of depreciation)	**1,480,224**	1,355,159
Total Assets	**$ 7,745,057**	$ 5,921,878
DEFERRED OUTFLOWS OF RESOURCES	**$ 590,523**	$ 665,416
LIABILITIES:		
Current liabilities	**$ 315,567**	$ 421,214
Long-term liabilities	**1,760,669**	1,584,107
Total Liabilities	**$ 2,076,236**	$ 2,005,321
DEFERRED INFLOWS OF RESOURCES	**$ 193,068**	$ 407,284
NET POSITION	**$ 6,066,276**	$ 4,174,689

DCBHS FEES FOR SERVICE

During FY 2024, the schedule of Client Service Fees was reviewed and revised. Agency service units for fees are currently month, day, event, hour and range of hours, depending upon the service.

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REVENUES

The following chart shows the major sources and the percentage of operating and non-operating revenues for the fiscal years ended June 30, 2024 and 2023.

	2024	PERCENT OF TOTAL	2023	PERCENT OF TOTAL
State	$ 3,143,235	38.26%	$ 2,358,032	34.39%
Federal	1,269,747	15.46%	922,777	13.46%
Local	353,327	4.30%	651,562	9.50%
Fees	3,131,853	38.12%	2,580,370	37.64%
Other	316,802	3.86%	343,243	5.01%
Total	$ 8,214,964	100.00%	$ 6,855,984	100.00%

EXPENSES

The following chart shows the major uses and the percentage of operating expenses for the fiscal years ended June 30, 2024 and 2023.

	2024	PERCENT OF TOTAL	2023	PERCENT OF TOTAL
Salaries and benefits	$ 4,848,068	76.67%	$ 4,261,807	75.88%
Other operating expenses	1,475,309	23.33%	1,354,391	24.12%
Total	$ 6,323,377	100.00%	$ 5,616,198	100.00%

REVENUES AND EXPENSES BY DISABILITY

DCBHS operational structure is comprised of Mental Health Services, Mental Retardation Services, Substance Abuse Services, and Financial and Administrative Support Services. Financial and service data is reported to the Virginia Department of Behavioral Health and Developmental Services utilizing the Disability model. The following charts represent our cash basis revenues and expenses broken down by disability for Fiscal Year 2024:

FY 2024 REVENUE BY DISABILITY

MENTAL HEALTH	$4,148,738	53.81%
DEVELOPMENTAL SERVICES	1,637,404	21.23%
SUBSTANCE ABUSE	1,924,618	24.96%
	$7,710,760	100.00%

FY 2024 EXPENSES BY DISABILITY

MENTAL HEALTH	$2,772,376	44.79%
DEVELOPMENTAL SERVICES	1,637,404	26.45%
SUBSTANCE ABUSE	1,780,524	28.76%
	$6,190,304	100.00%

CAPITAL ASSETS

During fiscal year 2024 the Board purchased five vehicles outright, one vehicle via trade-in of an existing vehicle, donated one vehicle to the After Prom party, and completed building renovations. There was no other significant capital asset activity during the fiscal year. For more information please see Note 3 of the financial statements.

FINANCIAL STATEMENTS

DCBHS' 2024 audited financial statements are prepared on an accrual basis in accordance with U. S. generally accepted accounting principles promulgated by Governmental Accounting Standards Board (GASB). DCBHS provides behavioral health care services in the areas of mental health, developmental disability and substance abuse services. These services place us in the health care arena in accordance with the American Institute of Certified Accountants (AICPA) to be classified as a Governmental Health Care Organization. Therefore, the appropriate financial reporting model for the annual financial statements in accordance with generally accepted accounting principles is the AICPA Health Care Organizations Audit and Accounting Guide.

REQUEST FOR INFORMATION

This Financial Report is intended to provide a general overview of DCBHS' financial position for all those interested. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to Beth Fleming, Agency Fiscal Officer, Dickenson County Behavioral Health Services, P.O. Box 309, Clintwood, VA 24228-0309.

Exhibit 1

DICKENSON COUNTY BEHAVORIAL HEALTH SERVICES

Statement of Net Position
June 30, 2024
(With Comparative Totals for 2023)

		2024		2023
Assets				
Current Assets:				
Cash and cash equivalents	$	4,062,826	$	2,806,834
Investments		1,460,997		1,246,904
Prepaid items		51,357		48,918
Accounts receivable (net)		484,959		272,413
Due from other governments		204,694		191,650
Total current assets	$	6,264,833	$	4,566,719
Capital Assets:				
Nondepreciable assets	$	296,585	$	296,585
Depreciable assets (net of accumulated depreciation/amortization)		1,183,639		1,058,574
Total capital assets	$	1,480,224	$	1,355,159
Total assets	$	7,745,057	$	5,921,878
Deferred Outflows of Resources				
Pension related items	$	590,523	$	665,416
Liabilities				
Current Liabilities:				
Accounts payable	$	56,084	$	44,463
Accrued payroll		51,632		48,161
Unearned revenue		-		150,275
Lease liabilities, current portion		8,868		-
Compensated absences, current portion		198,983		178,315
Total current liabilities	$	315,567	$	421,214
Long-term Liabilities:				
Compensated absences, noncurrent portion	$	66,327	$	59,438
Net pension liability		1,678,235		1,524,669
Lease liabilities		16,107		-
Total long-term liabilities	$	1,760,669	$	1,584,107
Total liabilities	$	2,076,236	$	2,005,321
Deferred Inflows of Resources				
Pension related items	$	193,068	$	407,284
Net Position				
Net investment in capital assets	$	1,455,249	$	1,355,159
Unrestricted		4,611,027		2,819,530
Total net position	$	6,066,276	$	4,174,689

The accompanying notes are an integral part of this financial statement.

Exhibit 2

DICKENSON COUNTY BEHAVORIAL HEALTH SERVICES

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
Operating Revenues:		
Net patient service revenue	$ 3,131,853	$ 2,580,370
Special project income	135,755	143,616
Miscellaneous revenue	46,916	103,656
Total operating revenues	$ 3,314,524	$ 2,827,642
Operating Expenses:		
Salaries and benefits	$ 4,848,068	$ 4,261,807
Staff development	90,272	58,856
Facility	393,570	346,920
Supplies	210,512	337,748
Travel	44,951	34,557
Purchased services	135,674	105,878
Contractual and consulting	140,084	128,086
Depreciation	110,841	54,638
Equipment	30,086	19,078
Vehicle	47,986	37,641
Insurance	32,948	51,606
Medications	20,581	18,844
Emergency preparedness	-	1,068
Software	14,105	-
Special project expenses	167,282	72,723
Other	36,417	86,748
Total operating expenses	$ 6,323,377	$ 5,616,198
Operating income (loss)	$ (3,008,853)	$ (2,788,556)
Nonoperating Revenues (Expenses):		
Interest and investment income	$ 60,150	$ 13,212
Unrealized gain/(loss) on investments	1,520	(9,530)
Rental income	73,262	92,289
Interest expense	(801)	-
Intergovernmental revenues:		
Local	353,327	651,562
State	3,143,235	2,358,032
Federal	1,269,747	922,777
Total nonoperating revenues (expenses)	$ 4,900,440	$ 4,028,342
Change in net position	$ 1,891,587	$ 1,239,786
Net position, beginning of year	4,174,689	2,934,903
Net position, end of year	$ 6,066,276	$ 4,174,689

The accompanying notes are an integral part of this financial statement.

Exhibit 3

DICKENSON COUNTY BEHAVORIAL HEALTH SERVICES

Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities:		
Receipts from customers and users	$ 2,938,659	$ 2,328,026
Rental income	73,262	92,289
Payments to suppliers for goods and services	(1,355,286)	(1,333,035)
Payments to employees	(4,802,797)	(4,202,689)
Net cash provided by (used for) operating activities	$ (3,146,162)	$ (3,115,409)
Cash flows from capital and related financing activities:		
Acquisition of capital assets	$ (200,324)	$ (735,485)
Principal payments on lease liabilities	(10,607)	-
Interest payments on lease liabilities	(801)	-
Net cash provided by (used for) capital and related financing activities	$ (211,732)	$ (735,485)
Cash flows from noncapital financing activities:		
Appropriations from local, state and federal governments	$ 4,766,309	$ 3,932,371
Cash flows from investing activities:		
Interest income reinvested	$ (52,065)	$ (9,304)
Interest income	60,150	13,212
Sale of investments	-	164,907
Purchase of investments	(160,508)	-
Net cash provided by (used for) investing activities	$ (152,423)	$ 168,815
Net increase (decrease) in cash and cash equivalents	$ 1,255,992	$ 250,292
Cash and cash equivalents, beginning of year	2,806,834	2,556,542
Cash and cash equivalents, end of year	$ 4,062,826	$ 2,806,834
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating Income (loss)	$ (3,008,853)	$ (2,788,556)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	110,841	54,638
Rental income	73,262	92,289
Changes in operating assets, liabilities, and deferred outflows/inflows of resources:		
Prepaid items	(2,439)	3,602
Accounts receivable	(212,546)	(21,723)
Due from other governments	(13,044)	(191,650)
Deferred outflows of resources	74,893	77,269
Accounts payable	11,621	(36,884)
Accrued payroll	3,471	14,849
Unearned revenue	(150,275)	(286,243)
Compensated absences	27,557	5,466
Net pension liability	153,566	800,347
Deferred inflows of resources	(214,216)	(838,813)
Net cash provided by (used for) operating activities	$ (3,146,162)	$ (3,115,409)
Schedule of noncash capital and related financing activities:		
Issuance of lease liability	$ 35,582	$ -

The accompanying notes are an integral part of this financial statement.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description and Purpose of Board:

The Board operates as an agent for the County of Dickenson, Virginia in the establishment and operation of community mental health, developmental disability and substance abuse programs as provided for in Chapter 10 of Title 37.1 of the *Code of Virginia* (1950), relating to the Virginia Department of Behavioral Health and Developmental Services. In addition, the Board provides a system of community mental health and developmental disability and substance abuse services which relate to and are integrated with existing and planned programs.

B. The Reporting Entity:

The Board's financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. As a result, the financial statements include a Management's Discussion and Analysis (MD&A) section, providing an analysis of the Board's overall financial position and results of operations.

C. Basis of Accounting and Financial Statement Presentation:

The Board is funded by federal, state and local funds. Its accounting policies are governed by applicable provisions of these grants and applicable pronouncements and publications of the grantors. The financial statements of the Board have been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America for governmental health care reporting entities.

The Board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the Board's principal operations. The principal operating revenues of the Board are client service fees charged for services provided. Operating expenses include the cost of providing services and the related administration costs. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

D. 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, liabilities, and deferred inflows/outflows of resources, and disclosure of contingent balances at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand, amounts in demand deposits, and short-term investments with a maturity date within three months of the date acquired by the government.

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Net Patient Service Revenue:

Net patient service revenue is reported at the estimated net realizable amounts from residents, third party payers, and others for services rendered. Revenue under third party payer agreements is subject to audit and retroactive adjustment. Retroactive adjustments, if any, are reported in operations in the year of settlement.

G. Financial Assistance:

The Board 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 is based on individual circumstances and unpaid balances are pursued to the extent of the client's ability to pay. The Board has established procedures for granting financial assistance in cases of hardship. The granting of financial assistance results in a substantial reduction and/or elimination of charges to individual clients. Because the Board does not pursue the collection of amounts determined to qualify for financial assistance, they are not reported as revenue.

An allowance for doubtful client accounts has been estimated at $383,510 at June 30, 2024.

H. Capital Assets:

Capital assets acquired are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from 5 to 40 years and is computed using the straight-line method. Donated fixed assets are recorded at their acquisition value at the time of the gift. Capital asset acquisitions of $10,000 or more are capitalized.

I. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Board has one item that qualifies for reporting in this category. It is comprised of certain items related to pension. For more detailed information on this item, reference the pension note.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item that qualifies for reporting in this category. Certain items related to pension are reported as deferred inflows of resources. For more detailed information on this item, reference the pension note.

J. 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 Board's Retirement Plan and the additions to/deductions from the Board's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). 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.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. Compensated Absences:

The Board's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of service. Employees terminating their employment are paid by the Board their accumulated annual leave up to the maximum limit (480 hours). Unused sick leave is not paid at the date of separation. At June 30, 2024, the value of accrued vacation pay was $265,310.

L. Prepaid Items:

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

M. Net Position:

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Board will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Board's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

N. Comparative Totals:

Comparative totals have been presented for informational purposes only. Certain prior year amounts have been reclassified to conform to the current year presentation.

NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

O. Budgetary Accounting:

The Board follows the following procedures in establishing its budgets:

1. In response to Letters of Notification received from the Department of Behavioral Health and Developmental Services (the Department), the Board submits a Performance Contract to the Department. This application contains complete budgets for all Core Services.

2. The Board's Performance reports are filed with the Department during the fiscal year, 45 working days after the end of the second and third quarters. The final quarterly report is due by August 31 (following the end of the fiscal year), unless extended.

3. If any changes are made during the fiscal year in state or federal block grants, or local match funds, the Board submits Performance Contract revisions which reflect these changes in time to be received by the Department by required deadlines.

P. Leases:

The Board has lease assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee
The Board recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Key Estimates and Judgments
Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Board uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Board uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term include the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee).

The Board monitors changes in circumstances that would require a remeasurement or modification of its leases. The Board will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

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 the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk
Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Interest Rate Risk:
The Board has not adopted an investment policy for interest rate risk. Listed below are the Board's investments subject to investment rate risk and their corresponding maturity dates.

	Investment Maturities (in years)		
Investment Type	Fair Value	< 1 Year	1 - 5 Years
Certificates of deposit (unrated)	$ 1,201,990	$ 497,830	$ 704,160

At June 30, 2024, the Board's investments also included $259,007 in non-negotiable certificates of deposit.

Fair Value Measurements
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Board maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

> Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
>
> Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
>
> Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

The Board has the following recurring fair value measurements as of June 30, 2024:

		Fair Value Measurement Using		
Investment	6/30/2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	$ 1,201,990	$ 1,201,990	$ -	$ -

NOTE 3-CAPITAL ASSETS:

A summary of changes in the Board's capital assets is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 296,585	$ -	$ -	$ 296,585
Capital assets being depreciated:				
Buildings and Improvements	$ 1,909,718	$ 36,050	$ -	$ 1,945,768
Vehicles	416,861	164,274	(14,263)	566,872
Equipment	129,731	-	-	129,731
Right-to-use lease machinery and equipment	-	35,582	-	35,582
Total capital assets being depreciated	$ 2,456,310	$ 235,906	$ (14,263)	$ 2,677,953
Accumulated depreciation:				
Buildings and Improvements	$ (941,688)	$ (35,796)	$ -	$ (977,484)
Vehicles	(326,318)	(63,932)	14,263	(375,987)
Equipment	(129,730)	-	-	(129,730)
Right-to-use lease machinery and equipment	-	(11,113)	-	(11,113)
Total accumulated depreciation	$ (1,397,736)	$ (110,841)	$ 14,263	$ (1,494,314)
Total capital assets being depreciated (net)	$ 1,058,574	$ 125,065	$ -	$ 1,183,639
Total capital assets, net	$ 1,355,159	$ 125,065	$ -	$ 1,480,224

NOTE 4-LONG-TERM OBLIGATIONS:

A summary of changes in the Board's long-term obligations is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Compensated absences	$ 237,753	$ 205,872	$ (178,315)	$ 265,310
Lease liabilities	-	35,582	(10,607)	24,975
Net pension liability	1,524,669	1,148,584	(995,018)	1,678,235
Total	$ 1,762,422	$ 1,390,038	$ (1,183,940)	$ 1,968,520

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending	Lease Liabilities	
June 30,	Principal	Interest
2025	$ 8,868	$ 565
2026	9,111	323
2027	6,996	79
Totals	$ 24,975	$ 967

Details of long-term indebtedness:

	Interest Rates	Date Issued	Final Maturity Date	Installment Amounts	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Lease liabilities:							
Copier lease	2.70%	7/1/2023	2027	$ 9,433	$ 35,582	$ 24,975	$ 8,868
Other Obligations:							
Net pension liability						$ 1,678,235	$ -
Compensated absences						265,310	198,983
Total Other Obligations						$ 1,943,545	$ 198,983
Total Long-Term Obligations						$ 1,968,520	$ 207,851

NOTE 5-PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Board are automatically covered by a VRS Retirement Plan upon employment, through the County of Dickenson. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, several entities participate in the VRS plan through County of Dickenson and the participating entities report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 5-PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Board's contractually required employer contribution rate for the year ended June 30, 2024 was 12.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an $303,857 and $269,406 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

At June 30, 2024, the Board reported a liability of $1,678,235 for its proportionate share of the net pension liability. The Board's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The Board's proportionate share of the same was calculated using creditable compensation as of June 30, 2023 and 2022 as a basis for allocation. At June 30, 2023 and 2022, the Board's proportion was 24.8562% and 25.2648%, respectively.

NOTE 5-PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Board's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvements:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

NOTE 5-PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (Continued)

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System 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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

NOTE 5-PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return (continued)

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023 the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Board was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. 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 active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Board's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Board's Proportionate Share of the County Retirement Plan Net Pension Liability	$ 3,189,435	$ 1,678,235	$ 446,695

NOTE 5-PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2024, the Board recognized pension expense of $329,076. Since there was a change in proportionate share between measurement dates, 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.

At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 246,768	$ 44,210
Change in assumptions	39,706	-
Net difference between projected and actual earnings on pension plan investments	-	148,858
Change in proportionate share	192	-
Employer contributions subsequent to the measurement date	303,857	-
Total	$ 590,523	$ 193,068

$303,857 reported as deferred outflows of resources related to pensions resulting from the Board's contribution subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2025	$ 32,880
2026	(89,029)
2027	144,980
2028	4,767

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 6-RISK MANAGEMENT:

Dickenson County Behavioral Health Services is exposed to various risks of loss related to: theft of, damage to, and destruction of assets; injuries to employees; general liability; automobile liability; crime and employee dishonesty; professional liability; and public officials' liability.

During fiscal year ended June 30, 2024, the Board was covered for these potential losses by commercial insurance carriers, except in the case of professional and public officials' liability. For professional and public officials' liability, Dickenson County Behavioral Health Services is insured by VA Risk 2, a group liability self insurance plan administered by the Commonwealth of Virginia Department of General Services, Division of Risk Management. Under the VA Risk 2 plan, there is a $1,000,000 limit of liability for each claim under the public officials/general liability policy and a $2,000,000 limit for each claim under the medical malpractice policy. The Board has not exceeded coverage in the past three fiscal years.

NOTE 7-LOCAL GOVERNMENT FUNDS:

Local government funds consist of contributions from the following localities:

Dickenson County	$ 187,000
Total local contributions	$ 187,000

NOTE 8-UPCOMING PRONOUNCEMENTS:

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Statement No. 102, *Certain Risk Disclosures,* provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements,* improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

DICKENSON COUNTY BEHAVIORAL HEALTH SERVICES

Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset)
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2023

Dickenson County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Date	Employer's Proportion of the Net Pension Liability (Asset) (NPLA)	Employer's Proportionate Share of the NPLA	Employer's Covered Payroll	Employer's Proportionate Share of the NPLA as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)
(1)	(2)	(3)	(4)	(5)	(6)
2023	24.8562%	$ 1,678,235	$ 2,318,174	72.39%	84.91%
2022	25.2648%	1,524,669	2,170,164	70.26%	85.81%
2021	25.1511%	724,322	2,026,056	35.75%	92.87%
2020	24.4002%	2,216,178	1,838,571	120.54%	76.74%
2019	23.0549%	1,488,935	1,613,118	92.30%	82.38%
2018	22.5184%	1,032,259	1,561,367	66.11%	86.44%
2017	22.5184%	1,048,640	1,480,122	70.85%	85.64%
2016	20.0459%	1,178,157	1,351,590	87.17%	81.06%
2015	18.5973%	878,583	1,247,232	70.44%	84.15%
2014	18.5973%	714,352	1,230,802	58.04%	86.32%

Exhibit 5

DICKENSON COUNTY BEHAVIORAL HEALTH SERVICES

Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2015 through June 30, 2024

Dickenson County, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	$ 303,857	$ 303,857	$ -	$ 2,683,259	11.32%
2023	269,406	269,406	-	2,318,174	11.62%
2022	240,823	240,823	-	2,170,164	11.10%
2021	227,017	227,017	-	2,026,056	11.20%
2020	176,319	176,319	-	1,838,571	9.59%
2019	154,698	154,698	-	1,613,118	9.59%
2018	153,014	153,014	-	1,561,367	9.80%
2017	145,052	145,052	-	1,480,122	9.80%
2016	147,053	147,053	-	1,351,590	10.88%
2015	135,699	135,699	-	1,247,232	10.88%

* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

DICKENSON COUNTY BEHAVIORAL HEALTH SERVICES

Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2024

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Independent Auditors' 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 Honorable Members of the Board
Dickenson County Behavioral Health Services
Clintwood, Virginia

We have audited, in accordance with the 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 business-type activities of Dickenson County Behavioral Health Services, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Dickenson County Behavioral Health Services' basic financial statements and have issued our report thereon dated November 8, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dickenson County Behavioral Health Services' 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 Dickenson County Behavioral Health Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Dickenson County Behavioral Health Services' internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dickenson County Behavioral Health Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

Dickenson County Behavioral Health Services' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Dickenson County Behavioral Health Services' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Dickenson County Behavioral Health Services' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
November 8, 2024

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Members of the Board
Dickenson County Behavioral Health Services
Clintwood, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dickenson County Behavioral Health Services' 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 each of Dickenson County Behavioral Health Services' major federal programs for the year ended June 30, 2024. Dickenson County Behavioral Health Services' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Dickenson County Behavioral Health Services complied, in all material respects, with the 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, 2024.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Dickenson County Behavioral Health Services and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Dickenson County Behavioral Health Services' 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 Dickenson County Behavioral Health Services' federal programs.

Auditors' 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 Dickenson County Behavioral Health Services' 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 Dickenson County Behavioral Health Services' 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 risks 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 Dickenson County Behavioral Health Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Dickenson County Behavioral Health Services' 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 Dickenson County Behavioral Health Services' 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 over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 were not 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.

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
November 8, 2024

DICKENSON COUNTY BEHAVIORAL HEALTH SERVICES
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number		Federal Expenditures
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Behavioral Health and Developmental Services:				
Opioid STR	93.788	1H79TI085746-01		$ 352,215
Block Grants for Community Mental Health Services	93.958	1B09SM085998-01		83,627
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1B08TI084676-01/1B08TI083972-01	$ 561,238	
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not available	80,171	641,409
Total Department Health and Human Services				$ 1,077,251
Department of Treasury:				
Pass Through Payments:				
Virginia Department of Behavioral Health and Developmental Services:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available		$ 192,496
Total Expenditures of Federal Awards				$ 1,269,747

NOTE A--BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Dickenson County Behavioral Health Services under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles* , and A*udit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Dickenson County Behavioral Health Services, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Dickenson County Behavioral Health Services.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The Board did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

NOTE C--SUBRECIPIENTS:
No awards were passed through to subrecipients.

NOTE D--RELATIONSHIP TO THE FINANCIAL STATEMENTS:
Federal expenditures, revenues and capital contributions are reported in the Board's basic financial statements as follows:

Total Federal Expenditures per basic financial statements	$ 1,269,747
Total Federal Expenditures per the Schedule of Expenditures of Federal Awards	$ 1,269,747

DICKENSON COUNTY BEHAVIORAL HEALTH SERVICES
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

DICKENSON COUNTY BEHAVIORAL HEALTH SERVICES
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II - Financial Statement Findings

2024-001	
Criteria:	An auditee should have controls in place to prepare financial statements in accordance with current reporting standards. Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a significant deficiency exists.
Condition:	The Board's financial statements as provided required significant proposed adjustments to ensure such statements complied with Generally Accepted Accounting Principles.
Cause:	The Board failed to identify all year end accounting adjustments necessary for the books to be prepared in accordance with current reporting standards.
Effect:	There is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented or detected by the Board's internal controls over financial reporting.
Recommendation:	The Board should review the proposed audit adjustments and incorporate same in the trial balance provided for audit in the future. Management should also implement a monthtly close process to ensure balances are appropriately reported throughout the year for internal reporting purposes.
Management's Response:	Management agrees and will work to implement a monthly close process and will also review other proposed adjustments to be incorporated in the Board's trial balance.

DICKENSON COUNTY BEHAVIORAL HEALTH SERVICES
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023-001

Condition:	The Board lacks proper segregation of duties over its accounts payable and payroll processes.
Recommendation:	Management should further try to segregate duties amongst current staff to help alleviate the risk created by improper segregation of duties.
Current Status:	Finding 2023-001 was corrected in fiscal year 2024.

2023-002

Condition:	The Board's financial statements as provided required significant proposed adjustments to ensure such statements complied with Generally Accepted Accounting Principles.
Recommendation:	The Board should review the proposed audit adjustments and incorporate same in the trial balance provided for audit in the future. Management should also implement a monthtly close process to ensure balances are appropriately reported throughout the year for internal reporting purposes.
Current Status:	Finding 2023-002 was repeated in the current year as 2024-001.

Dickenson County
BEHAVIORAL HEALTH SERVICES
MENTAL HEALTH, SUBSTANCE USE AND DEVELOPMENTAL SERVICES
POST OFFICE BOX 309 • CLINTWOOD, VIRGINIA 24228

Executive Offices & Administration
133 McClure Avenue
276-926-1682 / Fax 926-8134

Clinical Services - M.H. & SUD
440 Foxtown Road
276-926-1680 /Fax 926-9179

Developmental Services
1019 Happy Valley Drive
276-926-1684 / Fax 926-6070

December 10, 2024

Dickenson County Behavioral Health Services Board
Corrective Action Plan
Fiscal Year Ending June 30, 2024

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2024-001	Management is aware that current AP software does not allow exemption for any users from entering new vendors. The agency is in the process of exploring other software options for better overall AP processing. Currently, the MIS Specialist and Fiscal Tech(2) share the responsibility to enter new vendors. All new vendors are documented and presented at scheduled monthly Budget & Finance Meetings via a standing agenda item. The agency employs three full-time positions in the finance department allowing for proper segregation of duties. Fiscal Agent(1) continues to maintain full control of AP processing while Fiscal Agent(2) gathers/organizes all payment documentation and forwards to Fiscal Agent(1) for payment. The agency continues to work with a contracted CPA/QuickBooks Pro Advisor for assistance with QuickBooks and accurate audit reporting in compliance with Generally Accepted Accounting Principles.	6/30/2025	Beth Fleming - Fiscal Officer, Lorie Phipps - Fiscal Tech(1), Lorin Phipps - Fiscal Tech(2)
2023-001	Proper segregation of duties finding from FY 2023 has been corrected in FY 2024.	N/A	Beth Fleming, Fiscal Officer