

ROCKBRIDGE AREA
SOCIAL SERVICES BOARD

(A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

ROCKBRIDGE AREA SOCIAL SERVICES BOARD

**(A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)**

FINANCIAL REPORT

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**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

BOARD OF SOCIAL SERVICES

Mike Gilmore

Michelle Watkins

Michele Hentz

Torben Pedersen

Paul Janiczek

Tony McFaddin

Billy Fitzgerald

OFFICERS

Dinah Clark, Director

Betty S. Trovato, Board Fiscal Officer

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INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS
ROCKBRIDGE AREA SOCIAL SERVICES BOARD (A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board'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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia), as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Rockbridge Area Social Services Board, 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 opinions.

Change in Accounting Principle

As described in Note 2 to the financial statements, in 2022, the Board adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Board'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.

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 opinions. 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 Rockbridge Area Social Services Board'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 Rockbridge Area Social Services Board'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules related to pension and OPEB 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.

Management has omitted 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rockbridge Area Social Services Board's basic financial statements. The accompanying 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 January 31, 2023, on our consideration of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'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 Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'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 Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
January 31, 2023

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position
As of June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 625,594
Due from other governmental units	1,650,780
Net pension asset	1,037,744
Capital assets, net of accumulated depreciation	301,572
Total assets	<u>\$ 3,615,690</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 127,437
OPEB related items	27,744
Total deferred outflows of resources	<u>\$ 155,181</u>
LIABILITIES	
Accounts payable	\$ 1,215,119
Accrued interest	657
Due to participating jurisdictions	1,061,255
Due within one year	127,654
Due in more than one year	333,274
Total liabilities	<u>\$ 2,737,959</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 708,153
OPEB related items	27,362
Total deferred inflows of resources	<u>\$ 735,515</u>
NET POSITION	
Net investment in capital assets	\$ (380)
Restricted:	
Net pension asset	1,037,744
Unrestricted	(739,967)
Total net position	<u>\$ 297,397</u>

The notes to the financial statements are an integral part of this statement.

Statement of Activities
 Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Health and welfare	\$ 8,543,102	\$ -	\$ 8,636,473	\$ 93,371
Total governmental activities	\$ 8,543,102	\$ -	\$ 8,636,473	\$ 93,371
				Change in net position
				\$ 93,371
				Net position - beginning
				204,026
				Net position - ending
				\$ 297,397

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 3

Balance Sheet
Governmental Funds
As of June 30, 2022

	<u>County of Rockbridge</u>	<u>City of Lexington</u>	<u>City of Buena Vista</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 625,594	\$ -	\$ -	\$ 625,594
Due from governmental units	1,075,000	136,913	438,867	1,650,780
Total assets	<u>\$ 1,700,594</u>	<u>\$ 136,913</u>	<u>\$ 438,867</u>	<u>\$ 2,276,374</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 746,630	\$ 110,613	\$ 357,876	\$ 1,215,119
Due to participating jurisdictions	953,964	26,300	80,991	1,061,255
Total liabilities	<u>\$ 1,700,594</u>	<u>\$ 136,913</u>	<u>\$ 438,867</u>	<u>\$ 2,276,374</u>
FUND BALANCE				
Committed:				
Social Services activities	\$ -	\$ -	\$ -	\$ -
Total liabilities and fund balance	<u>\$ 1,700,594</u>	<u>\$ 136,913</u>	<u>\$ 438,867</u>	<u>\$ 2,276,374</u>

The notes to the financial statements are an integral part of this statement.

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 4

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of June 30, 2022**

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

Total fund balance per Exhibit 3 - Balance Sheet	\$	-
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		301,572
The net pension asset is not an available resource and, therefore, is not reported in the funds.		1,037,744
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds		
Pension related items	\$	127,437
OPEB related items		<u>27,744</u>
		155,181
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB liability	\$	(79,960)
Accrued interest		(657)
Lease liabilities		(301,952)
Compensated absences		<u>(79,016)</u>
		(461,585)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$	(708,153)
OPEB related items		<u>(27,362)</u>
		<u>(735,515)</u>
Net position of governmental activities	\$	<u><u>297,397</u></u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2022

	<u>County of Rockbridge</u>	<u>City of Lexington</u>	<u>City of Buena Vista</u>	<u>Total</u>
Revenues:				
Revenue from local sources:				
City of Lexington--administrative costs	\$ 44,550	\$ 258,950	\$ -	\$ 303,500
City of Buena Vista--administrative costs	65,239	-	513,374	578,613
County of Rockbridge assistance and administrative costs	<u>1,010,853</u>	<u>-</u>	<u>-</u>	<u>1,010,853</u>
Total revenue from local sources	<u>\$ 1,120,642</u>	<u>\$ 258,950</u>	<u>\$ 513,374</u>	<u>\$ 1,892,966</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance	\$ 844,032	\$ 52,950	\$ 161,958	\$ 1,058,940
Comprehensive services act	<u>2,425,825</u>	<u>375,648</u>	<u>1,164,259</u>	<u>3,965,732</u>
Total revenue from the Commonwealth	<u>\$ 3,269,857</u>	<u>\$ 428,598</u>	<u>\$ 1,326,217</u>	<u>\$ 5,024,672</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance grants	\$ 1,505,642	\$ 33,434	\$ 160,149	\$ 1,699,225
Comprehensive services act	<u>11,203</u>	<u>-</u>	<u>8,407</u>	<u>19,610</u>
Total revenue from the federal government	<u>\$ 1,516,845</u>	<u>\$ 33,434</u>	<u>\$ 168,556</u>	<u>\$ 1,718,835</u>
Total revenues	<u>\$ 5,907,344</u>	<u>\$ 720,982</u>	<u>\$ 2,008,147</u>	<u>\$ 8,636,473</u>
Expenditures:				
Health and welfare:				
Administration	\$ 2,106,030	\$ 44,615	\$ 65,374	\$ 2,216,019
Public assistance	541,720	92,616	345,859	980,195
Comprehensive services act	<u>3,259,716</u>	<u>583,751</u>	<u>1,596,914</u>	<u>5,440,381</u>
Total expenditures	<u>\$ 5,907,466</u>	<u>\$ 720,982</u>	<u>\$ 2,008,147</u>	<u>\$ 8,636,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (122)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (122)</u>
Net change in fund balance	\$ (122)	\$ -	\$ -	\$ (122)
Fund balance, beginning of year	122	-	-	122
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

**Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2022**

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

Net change in fund balances - total governmental funds	\$	(122)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expenses. This is the amount by which depreciation/amortization expense exceeded capital outlays in the current period.

Depreciation/amortization expense	(32,348)
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. This amount represents repayment of long-term obligations.

Lease payments	31,968	
Interest expense	(657)	
		31,311

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ 6,460	
Change in pension related items	88,969	
Change in OPEB related items	<u>(899)</u>	
		<u>94,530</u>

Change in net position of governmental activities	\$	<u><u>93,371</u></u>
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The notes to the financial statements are an integral part of this statement.

ROCKBRIDGE AREA SOCIAL SERVICES
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 7

Statement of Fiduciary Net Position
Fiduciary Fund
As of June 30, 2022

	<u>Custodial Funds</u> <u>Special Welfare</u> <u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>2,274</u>
Total assets	\$ <u><u>2,274</u></u>
NET POSITION	
Restricted for:	
Social service clients	\$ <u>2,274</u>
Total net position	\$ <u><u>2,274</u></u>

The notes to the financial statements are an integral part of this statement.

ROCKBRIDGE AREA SOCIAL SERVICES
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 8

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2022

	<u>Custodial Funds</u> <u>Special Welfare</u> <u>Fund</u>
Additions	
Contributions:	
Private contributions	\$ 69,792
Total contributions	<u>\$ 69,792</u>
Deductions	
Current:	
Recipient payments	\$ 71,001
Total deductions	<u>\$ 71,001</u>
Net increase (decrease) in fiduciary net position	\$ (1,209)
Net position - beginning	<u>3,483</u>
Net position - ending	<u>\$ 2,274</u>

The notes to the financial statements are an integral part of this statement.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022**

NOTE 1—BASIS OF PRESENTATION:

A. Organization and Purpose:

The Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia) was created by the Rockbridge County Board of Supervisors, the common Councils of the City of Lexington, and the City of Buena Vista to consolidate the administrative payments of the three localities pursuant to Sections 63.1-44 of the *Code of Virginia*. The Board is a legally separate organization whose Board members are appointed by the Rockbridge County Board of Supervisors and the City Councils of Lexington and Buena Vista. Rockbridge County appoints three members to the Board and the Cities of Lexington and Buena Vista appoint two each. Assistance payments for the City of Lexington and the City of Buena Vista are included in each respective locality's records. Activity as reflected in these financial statements consists of all administration and assistance payments of the participating localities.

B. Financial Reporting Entity:

A separate report is prepared for the County of Rockbridge, Virginia which includes all agencies, boards, commissions, and authorities over which the County exercises or has the ability to exercise oversight authority. The Social Services Board is a component unit of the County of Rockbridge, Virginia and is included in the financial statements of the County.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting:

The Board's government-wide financial statements (i.e., the statement of net position and the statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements (i.e., the balance sheet and the statement of revenues, expenditures and changes in fund balances) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Board reports the following major governmental funds:

Special revenue funds account for the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures. The Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia), has three major special revenue funds; County of Rockbridge, City of Lexington, and City of Buena Vista.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

A. Basis of Accounting: (continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

The Board reports the following other fund:

Fiduciary (Custodial) funds account for assets held by the Board as an agent or custodian of individuals, private organizations, other governmental units or other funds. The Special Welfare Fund is an agency fund of the Board.

B. Capital Assets:

Capital assets are tangible and intangible assets, which include property, plant, equipment, and are reported in the government-wide financial statements. Capital assets are defined by the Board's as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

As the Board constructs or acquires capital assets each period, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

C. Accounts Receivable:

Accounts receivables are reported at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances have not been significant and no allowance for uncollectible accounts is recorded.

D. Cash and Cash Equivalents:

The Board's cash and cash equivalents consist of cash on hand and demand deposits.

E. Use of Estimates:

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Net Position:

For government-wide reporting as well as in proprietary funds, 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/amortization 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 government-wide and proprietary fund 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.

G. Fund Balance:

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Fund Balance: (Continued)

When fund balance resources are available for a specific purpose in more than one classification, it is the Board's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance/resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

H. 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, represents 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 and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents 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 pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

I. Pensions:

For purposes of measuring the net pension asset, 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 net fiduciary 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.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

J. Other Postemployment Benefits (OPEB):

Group Life Insurance

For purposes of measuring the net VRS related OPEB liabilities (asset), deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI Plan OPEB and the additions to/deductions from the VRS OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

K. Leases

The Board's leases various 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) with an initial value of \$5,000, individually or in the aggregate 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.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. Leases (Continued):

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 includes 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) or lease receivable (lessor).

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 (lessee) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

L. Adoption of Accounting Principles

The Rockbridge Area Social Services Board implemented provisions of Governmental Accounting Standards Board Statement No. 87, Leases during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021, related to the lease:

Lessee activity:		
Lease asset	\$	<u>333,920</u>
Lease liability	\$	<u>333,920</u>

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 3—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 insurance 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.

Investments

Statutes authorize the Board 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 and 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). The Board had no investments at June 30, 2022.

Other

All of the Board’s funds are in custody of the fiscal agent, the Treasurer of Rockbridge County, Virginia.

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

The following amounts represent receivables from other governments at year-end:

Commonwealth of Virginia:	
Public assistance grants	\$ 105,355
Comprehensive Services Act	1,380,900
Federal Government:	
Public assistance grants	164,525
Total	\$ <u><u>1,650,780</u></u>

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 5—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	GASB 87 Adjustments	Additions	Decreases	Ending Balance
Capital assets being depreciated:					
Equipment and vehicles	\$ 203,326	\$ -	\$ -	\$ -	\$ 203,326
Total capital assets being depreciated	<u>\$ 203,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203,326</u>
Accumulated depreciation:					
Equipment and vehicles	\$ (203,326)	\$ -	\$ -	\$ -	\$ (203,326)
Total accumulated depreciation	<u>\$ (203,326)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (203,326)</u>
Total capital assets being depreciated, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lease assets:					
Equipment	\$ -	\$ 22,304	\$ -	\$ -	\$ 22,304
Building	-	311,616	-	-	311,616
Total lease assets being amortized	<u>\$ -</u>	<u>\$ 333,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 333,920</u>
Accumulated amortization:					
Equipment	\$ -	\$ -	\$ (6,380)	\$ -	\$ (6,380)
Building	-	-	(25,968)	-	(25,968)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,348)</u>	<u>\$ -</u>	<u>\$ (32,348)</u>
Net right-to-use lease assets					
Net lease assets	<u>\$ -</u>	<u>\$ 333,920</u>	<u>\$ (32,348)</u>	<u>\$ -</u>	<u>\$ 301,572</u>
Net capital assets	<u>\$ -</u>	<u>\$ 333,920</u>	<u>\$ (32,348)</u>	<u>\$ -</u>	<u>\$ 301,572</u>

Depreciation and amortization expense for the year ended June 30, 2022 was \$32,348.

NOTE 6—LONG-TERM OBLIGATIONS:

	Balance July 1, 2021	GASB 87 Adjustments	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Lease liabilities (payable from Rockbridge Area Social Services Board)	\$ -	\$ 333,920	\$ -	\$ 31,968	\$ 301,952
Compensated absences (payable from Rockbridge Area Social Services Board)	85,476	-	57,647	64,107	79,016
Net OPEB liability (payable from Rockbridge Area Social Services Board)	<u>97,607</u>	<u>-</u>	<u>33,256</u>	<u>50,903</u>	<u>79,960</u>
Total Long-term Obligations	<u>\$ 183,083</u>	<u>\$ 333,920</u>	<u>\$ 90,903</u>	<u>\$ 146,978</u>	<u>\$ 460,928</u>

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

Type/Project	Amount of Original Issue	Interest Rates	Amount of Principal Installments	Final Maturity Date	Balance	Amount Due Within One Year
Governmental activities:						
Other obligations:						
Lease liabilities:						
Office space	\$ 324,000	2.694% M	\$ 9,000 M	3/31/2025	\$ 285,956	\$ 101,544
Postage meter	15,687	1.169% M	\$ 249 M	7/31/2025	9,045	2,898
Copier	17,560	1.003% M	\$ 293 M	6/30/2024	6,951	3,458
Total lease liabilities					\$ 301,952	\$ 107,900
Net OPEB liability					\$ 79,960	\$ -
Compensated absences					79,016	19,754
Total other obligations					\$ 158,976	\$ 19,754
Total Long-term obligations from governmental activities					\$ 460,928	\$ 127,654

A = annual installments M = monthly installments SA= Semi-annual installments

Annual requirements to amortize the leases payable are as follows:

Years Ending June 30,	Lease Liabilities	
	Principal	Interest
2023	\$ 107,900	\$ 6,600
2024	110,738	3,761
2025	83,065	923
2026	249	-
Total	\$ 301,952	\$ 11,284

NOTE 7—COMPENSATED ABSENCES:

Board employees earn vacation leave at a rate commensurate with years of service from 1 day to 1-3/4 days per month. All employees earn 1-1/4 days sick leave per month. Benefits or pay is received for unused sick leave upon termination at 25% of its' carrying value to a maximum of \$2,500 per employee. Accumulated vacation is paid upon termination. The Board has outstanding accrued vacation and sick pay totaling \$79,016 at June 30, 2022.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 8—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Board are automatically covered by a VRS Retirement Plan upon employment. 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. 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 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' 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 unreduced benefit beginning at their normal social security retirement age with at least 5 years creditable service, 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 creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 8—PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on 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. 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. 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.

Employees Covered by Benefit Terms

As of the June 30, 2020, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	23
Inactive members:	
Vested inactive members	1
Non-vested inactive members	20
Inactive members active elsewhere in VRS	<u>14</u>
Total inactive members	35
Active members	<u>29</u>
Total covered employees	<u><u>87</u></u>

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 8—PENSION PLAN: (CONTINUED)

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, 2022, was 2.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Board were \$15,896 and \$15,376 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. For the Board, the net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

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 Improvement:

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, 2020, valuation was 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 July 1, 2019. 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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 8—PENSION PLAN: (CONTINUED)

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

* The above allocation provides a one-year expected return of 7.39%. 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 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return or 7.11%, including expected inflation of 2.50%.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 8—PENSION PLAN: (CONTINUED)

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, 2021, the alternative rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from July 1, 2017, actuarial valuations, whichever was greater. From July 1, 2021, 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.

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 4,645,352	\$ 4,795,177	\$ (149,825)
Changes for the year:			
Service cost	\$ 105,989	\$ -	\$ 105,989
Interest	302,903	-	302,903
Differences between expected and actual experience	(143,590)	-	(143,590)
Assumption changes	190,361	-	190,361
Contributions - employer	-	16,614	(16,614)
Contributions - employee	-	47,976	(47,976)
Net investment income	-	1,282,218	(1,282,218)
Benefit payments, including refunds	(315,800)	(315,800)	-
Administrative expenses	-	(3,345)	3,345
Other changes	-	119	(119)
Net changes	\$ 139,863	\$ 1,027,782	\$ (887,919)
Balances at June 30, 2021	\$ 4,785,215	\$ 5,822,959	\$ (1,037,744)

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 8—PENSION PLAN: (CONTINUED)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the Board using the discount rate of 6.75%, as well as what the Board's net pension liability (asset) 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:

	<u>Rate</u>		
	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Discount</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
Board's Net Pension Liability (Asset)	\$ (577,897)	\$ (1,037,744)	\$ (1,430,704)

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

For the year ended June 30, 2022, the Board recognized pension expense of \$(71,832). At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 8,904	\$ 77,419
Change in assumptions	102,637	-
Net difference between projected and actual earnings on pension plan investments	-	630,734
Employer contributions subsequent to the measurement date	<u>15,896</u>	<u>-</u>
Total	<u>\$ 127,437</u>	<u>\$ 708,153</u>

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 8—PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

\$15,896 reported as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. 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:

<u>Year Ended June 30</u>	
2023	\$ (117,062)
2024	(139,503)
2025	(146,622)
2026	(193,425)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of the participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the Group Life Insurance Plan OPEB.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

The specific information for GLI Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$6,429 and \$5,741 for the years ended June 30, 2022 and June 30, 2021, respectively.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

At June 30, 2022, the entity reported a liability of \$59,960 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer’s proportion was 0.00510% as compared to 0.00489% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$3,335. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,839	\$ 457
Net difference between projected and actual earnings on GLI OPEB plan investments	-	14,311
Change in assumptions	3,306	8,204
Changes in proportionate share	7,271	3,668
Employer contributions subsequent to the measurement date	<u>6,429</u>	<u>-</u>
Total	<u>\$ 23,845</u>	<u>\$ 26,640</u>

\$6,429 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (2,075)
2024	(1,410)
2025	(1,954)
2026	(3,689)
2027	(96)
Thereafter	-

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

**NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)
TINUED)**

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2020, valuation was 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 July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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 from 75 to 80 for all
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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<u> </u>
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
GLI Net OPEB Liability (Asset)	\$	<u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s 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 System’s 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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer’s proportionate share of the net GLI OPEB 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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Board's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 87,604	\$ 59,960	\$ 37,637

GLI Plan Fiduciary Net Position

Detailed information about the Group Life Insurance Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in Note 8, the Board participates in a cost-sharing defined benefit healthcare plan through the County of Rockbridge, Virginia (the Plan). Several entities participate in the defined benefit healthcare plan through the County of Rockbridge, Virginia, and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides post-employment health care benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS which requires that the employees be age 50 with 5 years of service or permanently, totally disabled and injured in the line of duty. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include medical, dental, and prescription insurance benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Contributions

The Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County of Rockbridge Board. The amount paid by the Board for OPEB as the benefits came due during the year ended June 30, 2022, was \$1,000.

Total OPEB Liability

The Rockbridge Social Services Board’s total OPEB liability was measured as of July 1, 2021. The measurement date of the total OPEB liabilities is based on a valuation date of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.50%
Discount Rate	1.92%
Healthcare Cost Trend Rates:	10.19% for the fiscal year end 2021 (to reflect actual experience), then 5.50% for fiscal year end 2022, decreasing 0.50% per year to an ultimate rate of 5.00%
Mortality:	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale mp-2021
Actuarial Cost Method:	Entry Age Actuarial Cost Method

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate has been set equal to 1.92% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2021.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$ 16,000
Changes for the year:	
Service cost	3,000
Difference between expected and actual experience	1,000
Changes in assumptions	1,000
Benefit payments	<u>(1,000)</u>
Net changes	4,000
Balances at June 30, 2022	<u>\$ 20,000</u>

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Sensitivity of the Board’s Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (0.92%) or one percentage point higher (2.92%) than the current discount rate:

Rate		
1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
\$ 22,130	\$ 20,000	\$ 18,159

Sensitivity of the Board’s Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liabilities of the Board, as well as what the OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% for the fiscal year end 2022, decreasing 0.50% per year to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease	Trend	1% Increase
\$ 17,617	\$ 20,000	\$ 22,924

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the Board reported a liability of \$20,000 for its proportionate share of the total OPEB Liability. The Total OPEB Liability was measured as of July 1, 2021. The measurement date of the Total OPEB liabilities is based on a valuation date of July 1, 2020. At June 30, 2022, the Board’s proportion was 3.61%.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

For the year ended June 30, 2022, the Board recognized OPEB expense of \$2,780. At June 30, 2022, the Board, reported deferred outflows of resources of deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,094	\$ 505
Changes in assumptions	1,805	217
Total	<u>\$ 3,899</u>	<u>\$ 722</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ 469
2024	830
2025	1,011
2026	722
2027	145
Thereafter	-

Additional disclosures on changes in total OPEB liability, related ratios, and employer contributions can be found on the required supplementary information following the notes to the financial statements.

NOTE 11—SUMMARY OF POSTEMPLOYMENT BENEFIT (OPEB) PLANS:

The following is a summary of the Board's OPEB plans as of June 30, 2022:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability (Asset)</u>	<u>OPEB Expense</u>
Group Life Insurance (GLI) Plan (Note 9)	\$ 23,845	\$ 26,640	\$ 59,960	\$ 3,335
District Stand-Alone Plan (Note 10)	3,899	722	20,000	2,780
Totals	<u>\$ 27,744</u>	<u>\$ 27,362</u>	<u>\$ 79,960</u>	<u>\$ 6,115</u>

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2022 (Continued)**

NOTE 12—ALLOCATION OF COSTS:

Pursuant to Section 63.1-44 of the *Code of Virginia* (1950), as amended, each participating jurisdiction is responsible for the net local share of administrative expenditure for the benefit of its citizens. Local costs of administration are apportioned on the basis of population according to the last decennial census and caseload, with each factor weighted equally.

NOTE 13—CONTINGENT LIABILITIES:

Federal Plans in which the Board participates were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the provisions of the circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the federal government may subject grant programs to additional compliance test which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant programs expenditures, if any, would be immaterial.

NOTE 15 – LITIGATION:

At June 30, 2022, there were no matters of litigation involving Rockbridge Social Services that would materially affect the Board's financial position.

NOTE 16—UPCOMING PRONOUNCEMENTS:

Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99, Omnibus 2022, addresses (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 effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023

Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

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.

Management is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 9

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:			
Service cost	\$ 105,989	\$ 95,257	\$ 72,039
Interest	302,903	291,222	308,211
Differences between expected and actual experience	(143,590)	127,617	(236,815)
Changes of assumptions	190,361	-	101,865
Benefit payments	(315,800)	(366,294)	(301,533)
Net change in total pension liability	<u>\$ 139,863</u>	<u>\$ 147,802</u>	<u>\$ (56,233)</u>
Total pension liability - beginning	<u>4,645,352</u>	<u>4,497,550</u>	<u>4,553,783</u>
Total pension liability - ending (a)	<u><u>\$ 4,785,215</u></u>	<u><u>\$ 4,645,352</u></u>	<u><u>\$ 4,497,550</u></u>
Plan fiduciary net position:			
Contributions - employer	\$ 16,614	\$ 21,089	\$ 19,021
Contributions - employee	47,976	46,013	41,981
Net investment income	1,282,218	93,553	319,222
Benefit payments	(315,800)	(366,294)	(301,533)
Administrator charges	(3,345)	(3,375)	(3,343)
Other	119	(108)	(200)
Net change in plan fiduciary net position	<u>\$ 1,027,782</u>	<u>\$ (209,122)</u>	<u>\$ 75,148</u>
Plan fiduciary net position - beginning	<u>4,795,177</u>	<u>5,004,299</u>	<u>4,929,151</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 5,822,959</u></u>	<u><u>\$ 4,795,177</u></u>	<u><u>\$ 5,004,299</u></u>
Board's net pension liability (asset) - ending (a) - (b)	<u><u>\$ (1,037,744)</u></u>	<u><u>\$ (149,825)</u></u>	<u><u>\$ (506,749)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	121.69%	103.23%	111.27%
Covered payroll	\$ 1,063,227	\$ 1,006,378	\$ 923,693
Board's net pension liability (asset) as a percentage of covered payroll	-97.60%	-14.89%	-54.86%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 9

	2018	2017	2016	2015	2014
\$	91,045	\$ 86,269	\$ 101,268	\$ 95,978	\$ 99,383
	307,297	312,034	307,559	308,093	299,448
	(82,716)	(204,921)	(61,892)	(136,247)	-
	-	40,762	-	-	-
	(303,606)	(300,027)	(265,974)	(284,943)	(265,715)
\$	12,020	\$ (65,883)	\$ 80,961	\$ (17,119)	\$ 133,116
	4,541,763	4,607,646	4,526,685	4,543,804	4,410,688
\$	<u>4,553,783</u>	<u>4,541,763</u>	<u>4,607,646</u>	<u>4,526,685</u>	<u>4,543,804</u>
\$	50,414	\$ 48,178	\$ 92,300	\$ 94,988	\$ 77,661
	45,389	41,804	42,306	44,072	42,460
	349,718	532,786	75,965	201,776	620,619
	(303,606)	(300,027)	(265,974)	(284,943)	(265,715)
	(3,137)	(3,220)	(2,860)	(2,868)	(3,439)
	(306)	(468)	(33)	(43)	33
\$	138,472	\$ 319,053	\$ (58,296)	\$ 52,982	\$ 471,619
	4,790,679	4,471,626	4,529,922	4,476,940	4,005,321
\$	<u>4,929,151</u>	<u>4,790,679</u>	<u>4,471,626</u>	<u>4,529,922</u>	<u>4,476,940</u>
\$	<u>(375,368)</u>	<u>(248,916)</u>	<u>136,020</u>	<u>(3,237)</u>	<u>66,864</u>
	108.24%	105.48%	97.05%	100.07%	98.53%
\$	977,144	\$ 895,384	\$ 887,984	\$ 904,378	\$ 852,285
	-38.41%	-27.80%	15.32%	-0.36%	7.85%

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 10

Schedule of Employer Contributions
Pension Plan
Years Ended June 30, 2013 through June 30, 2022

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)
2022	\$ 15,896	\$ 15,896	\$ -	\$ 1,175,687	1.35%
2021	15,376	15,376	-	1,063,227	1.45%
2020	21,097	21,097	-	1,006,378	2.10%
2019	18,134	18,134	-	923,693	1.96%
2018	50,414	50,414	-	977,144	5.16%
2017	52,022	52,022	-	895,384	5.81%
2016	94,393	94,393	-	887,984	10.63%
2015	94,988	94,988	-	904,378	10.50%
2014	77,661	77,661	-	850,243	9.13%
2013	75,830	75,830	-	829,645	9.14%

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

Notes to Required Supplementary Information
Pension Plan
Year Ended June 30, 2022

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, 2020 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, 2019. 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

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 12

Schedule of Board's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

Date	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2021	0.0051% \$	59,960 \$	1,063,227	5.64%	67.45%
2020	0.0049%	81,607	1,006,378	8.11%	52.64%
2019	0.0047%	76,644	923,693	8.30%	52.00%
2018	0.0052%	78,000	978,869	7.97%	51.22%
2017	0.0049%	73,000	895,384	8.15%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 13

Schedule of Employer Contributions
 Group Life Insurance (GLI) Plan
 Years Ended June 30, 2013 through June 30, 2022

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)
2022	\$ 6,429	\$ 6,429	\$ -	\$ 1,190,639	0.54%
2021	5,741	5,741	-	1,063,227	0.54%
2020	5,233	5,233	-	1,006,378	0.52%
2019	4,803	4,803	-	923,693	0.52%
2018	5,090	5,090	-	978,869	0.52%
2017	4,656	4,656	-	895,384	0.52%
2016	4,262	4,262	-	887,984	0.48%
2015	4,341	4,341	-	904,378	0.48%
2014	4,091	4,091	-	852,285	0.48%
2013	3,982	3,982	-	829,645	0.48%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 Year Ended June 30, 2022

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, 2020 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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 from 75 to 80 for all
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

Schedule of Board's Proportionate Share of the Total OPEB Liability
 Medical, Dental, and Prescription Insurance
 For the Measurement Date of June 30, 2021

Date	Proportion of the Total OPEB Liability (TOL) (1)	Proportionate Share of the TOL (2)	Covered-Employee Payroll (3)	Proportionate Share of the TOL as a Percentage of Covered-Employee Payroll (2)/(3) (4)
2021	3.61% \$	20,000 \$	382,191	5.24%
2020	3.29%	16,000	348,312	4.60%
2019	5.49%	22,000	443,401	4.96%

Schedule is intended to show information for 10 years. Information prior to the 2019 valuation is not available. However, additional years will be included as they become available.

**Notes to Required Supplementary Information -
 Medical, Dental, and Prescription Insurance
 Year Ended June 30, 2022**

Valuation Date: 7/1/2020
 Measurement Date: 7/1/2021

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	1.92%
Inflation	2.50% per year
Healthcare Trend Rate	10.19% for fiscal year end 2021 (to reflect actual experience), then 5.50% for fiscal year end 2022, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 62
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2021

COMPLIANCE



**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 BOARD OF DIRECTORS
ROCKBRIDGE AREA SOCIAL SERVICES BOARD (A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, 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 governmental activities, each major fund and the aggregate remaining fund information of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s basic financial statements and have issued our report thereon dated January 31, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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

Staunton, Virginia
January 31, 2023



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

**TO THE BOARD OF DIRECTORS
ROCKBRIDGE AREA SOCIAL SERVICES BOARD (A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s 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 the Rockbridge Area Social Services Board's major federal programs for the year ended June 30, 2022. Rockbridge Area Social Services Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rockbridge Area Social Services Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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 the Board 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 the Board'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 Rockbridge Area Social Services Board's 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 the Board'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 Board'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 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 the Board'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 Board'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 Rockbridge Area Social Services Board'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 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

Staunton, Virginia
January 31, 2023

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Department of Agriculture:</u>			
<u>Pass-through Payments</u>			
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	not available	\$ 397,036
Total Department of Agriculture			\$ 397,036
<u>Department of Health and Human Services:</u>			
<u>Pass-through Payments:</u>			
Department of Social Services:			
Guardianship Assistance	90.090	not available	\$ 226
Title IV-E Prevention Program	90.472	not available	2,885
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	not available	18,030
Temporary Assistance for Needy Families (TANF)	93.558	not available	224,397
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	not available	1,089
Low Income Home Energy Assistance	93.568	not available	41,300
Community-Based Child Abuse Prevention Grants	93.590	not available	91
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	not available	50,976
Stephanie Tubbs Jones Child Welfare Services Program	93.645	not available	561
Foster Care - Title IV-E	93.658	not available	237,761
Adoption Assistance	93.659	not available	294,618
Social Services Block Grant	93.667	not available	228,692
John H. Chaffee Foster Care Program for Successful Transition to Adulthood	93.674	not available	11,752
Children's Health Insurance Program	93.767	not available	2,157
Medicaid Cluster:			
Medical Assistance Program	93.778	not available	207,264
Total Department of Health and Human Services			\$ 1,321,799
Total Expenditures of Federal Awards			\$ 1,718,835

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Rockbridge Area Social Services Board (a Component Unit of the County of Rockbridge, Virginia) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Board.

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 identifying numbers are presented where available.

(3) Rockbridge Area Social Services Board (a Component Unit of the County of Rockbridge, Virginia) has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The Board did not have any subrecipients for the year ended June 30, 2022.

**Rockbridge Area Social Services Board
(A Component Unit of the County of Rockbridge, Virginia)**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:
 - Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:
 - Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported

Type of auditors' 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)? yes x no

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assist to Needy Families (TANF)
93.667	Social Services Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes no

Section II-Financial Statement Findings

There are no financial statement findings to report.

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings to report.

**Rockbridge Area Social Services Board
(A Component Unit of the County of Rockbridge, Virginia)**

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022**

There were no prior year findings.