

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

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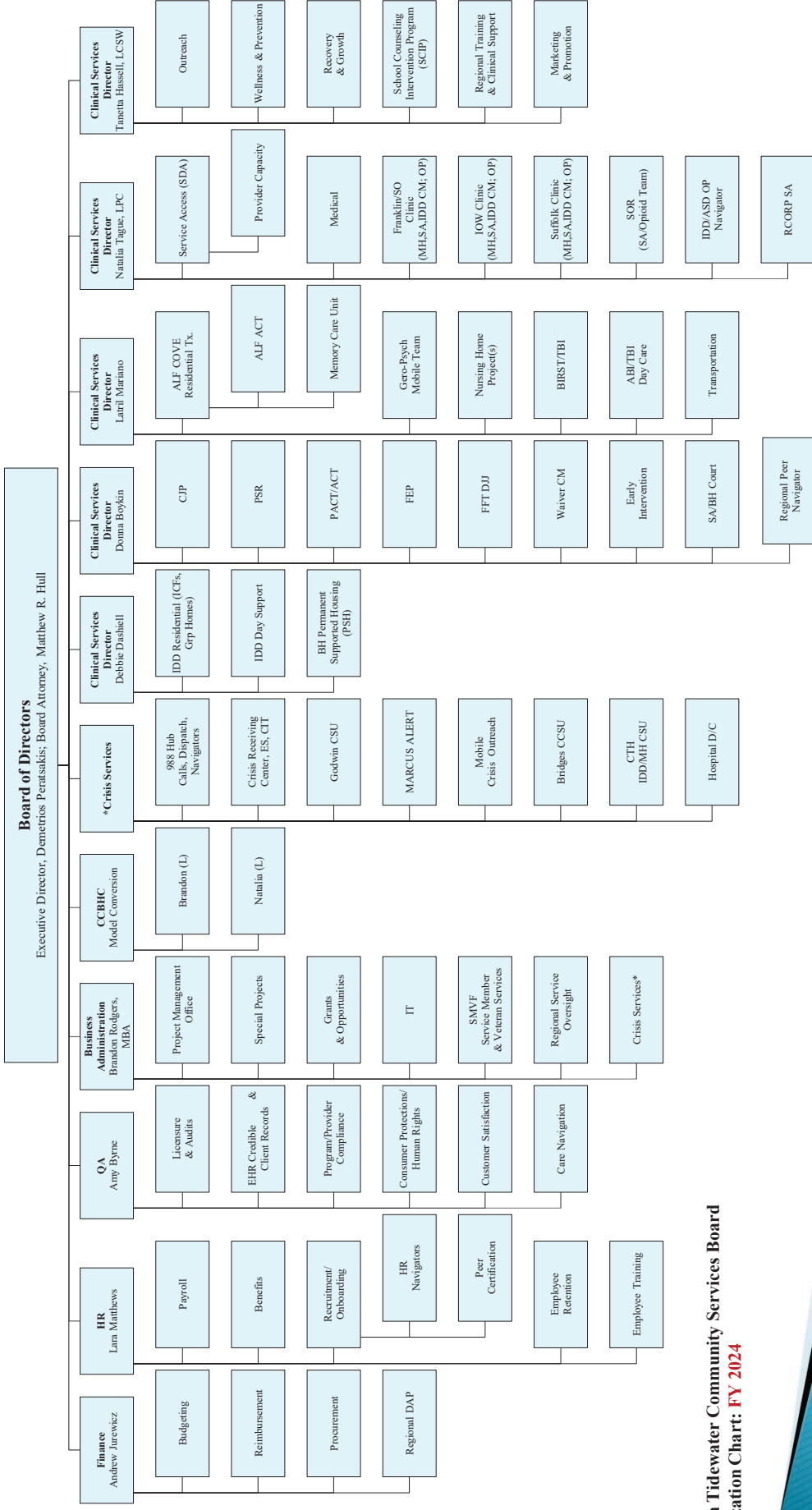
WESTERN TIDEWATER COMMUNITY SERVICES BOARD

BOARD OF DIRECTORS

Steven Blunt	Lula Holland	Audrey Lee
Randy Keaton	Alysia Pack	Angela Vick
William McCarty	Melvin Wofford	Sarah Rexrode
Cindy Edwards	LaRhonda Mabry	Margaret Ann Smith

SENIOR MANAGEMENT TEAM

Demetrios Peratsakis	Executive Director
Andrew Jurewicz	Finance Director
Amy Byrne	Director Healthcare and Reliability
Donna Boykin	Clinical Services Director
Brandon Rodgers	Director of Operations and Business Development
Lara Matthews	Director of Human Resources
Debbie Dashiell	Director of Residential Day Support Services
Latril Mariano	Director of Residential Treatment and Housing Supports
Staci Young	Director of Crisis Services



Western Tidewater Community Services Board
Organization Chart: FY 2024



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Western Tidewater Community Services Board
Suffolk, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Western Tidewater Community Services Board as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Western Tidewater Community Services 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 financial position of the business-type activities and the aggregate remaining fund information of Western Tidewater Community Services Board, as of June 30, 2024, and the changes in financial position, and, where applicable, cash flows 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 Western Tidewater Community 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Western Tidewater Community Services 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 Western Tidewater Community 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 Western Tidewater Community 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 management's discussion and analysis and 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.

Report on Summarized Comparative Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Tidewater Community Services Board's basic financial statements. The accompanying other supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and 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 May 8, 2025, on our consideration of Western Tidewater Community Services Board'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 Western Tidewater Community Services Board'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 Western Tidewater Community Services Board's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates
Charlottesville, Virginia
May 8, 2025

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WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Management's Discussion and Analysis Year Ended June 30, 2024

This Management's Discussion and Analysis (MD&A) of Western Tidewater Community Services Board's (WTCSB) financial performance provides an overview to the financial statements of the WTCSB for the fiscal year ended June 30, 2024.

Western Tidewater Community Services Board (WTCSB) presents three basic financial statements for the purpose of analyzing the financial position of the WTCSB as of June 30, 2024. These are: (1) Statement of Net Position; (2) Statement of Revenues, Expenses and Changes in Net Position; and (3) Statement of Cash Flows.

WTCSB's financial position is measured in terms of resources (assets and deferred outflows) owned and obligations (liabilities and deferred inflows) owed as of June 30, 2024 and 2023. This information is reflected on the Statement of Net Position. The excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources is the net position.

Information showing the results of operations during fiscal year 2024 and 2023 is reported in the Statement of Revenues, Expenses and Changes in Net Position. This statement details total revenue and total expenses and reflects an excess or deficiency of revenue over expenses for the fiscal years ending June 30, 2024 and 2023.

The flow of cash resources into and out of WTCSB during the fiscal year is reflected on the Statement of Cash Flows. This statement also reflects the net increase or decrease in cash and cash equivalents for the year and the ending cash and cash equivalents as of June 30, 2024 and 2023.

A summary of WTCSB's statements of net position at June 30, 2024 and 2023 is presented below:

Summary Statement of Net Position		
	2024	2023
Current assets	\$ 47,876,321	\$ 39,695,041
Restricted assets	525,403	552,635
Capital assets	13,576,757	13,252,853
Other assets	6,777,614	4,742,173
Total assets	\$ 68,756,095	\$ 58,242,702
Deferred outflows of resources	\$ 776,702	\$ 1,060,703
Current liabilities	\$ 18,297,667	\$ 13,278,470
Liabilities payable from restricted assets	229,606	197,625
Long-term liabilities	1,392,977	1,921,614
Total liabilities	\$ 19,920,250	\$ 15,397,709
Deferred inflows of resources	\$ 2,243,216	\$ 1,978,368
Net Position:		
Net investment in capital assets	\$ 11,653,704	\$ 10,822,887
Restricted	7,064,937	5,106,423
Unrestricted	28,650,690	25,998,018
Total net position	\$ 47,369,331	\$ 41,927,328

The financial position of Western Tidewater Community Services Board increased by \$5,442,003 during the year ended June 30, 2024 and increased by \$4,454,802 in 2023.

Management's Discussion and Analysis
Year Ended June 30, 2024 (continued)

A summary of WTC SB's Statement of Revenues, Expenses and Changes in Net Position for fiscal years 2024 and 2023 is presented below.

Summary Statement of Revenues, Expenses and Changes in Net Position		
	2024	2023
Operating revenues:		
Net patient service revenue	\$ 28,630,643	\$ 27,851,231
Operating expenses	57,672,870	42,083,050
Operating income (loss)	\$ (29,042,227)	\$ (14,231,819)
Net nonoperating income	34,484,230	18,686,621
Change in net position	<u>\$ 5,442,003</u>	<u>\$ 4,454,802</u>

Operating income is generated from providing patient services. The majority of operating income is generated from Medicaid services. In fiscal years 2024 and 2023, Net Patient Service Revenue increased 2.80% and increased by 15.55 %, respectively.

Operating expenses increased 37.05% in 2024 and increased 3.01% in 2023.

Nonoperating income increased by \$15,797,609 from the prior year largely due to the \$15,933,084 increase in revenues from the Commonwealth of Virginia.

A summary of WTC SB's Statement of Cash Flows for fiscal years 2024 and 2023 is presented below.

Summary Statement of Cash Flows		
	2024	2023
Cash flows from operating activities	\$ (24,911,504)	\$ (13,067,689)
Cash flows from noncapital financing activities	34,419,807	16,791,253
Cash flows from capital and related financing activities	(1,895,691)	(1,189,046)
Cash flows from investing activities	138,538	36,945
Net increase (decrease) in cash and cash equivalents	\$ 7,751,150	\$ 2,571,463
Cash and cash equivalents beginning of year	37,569,851	34,998,388
Cash and cash equivalents end of year	<u>\$ 45,321,001</u>	<u>\$ 37,569,851</u>

Cash Flows provided by or used for Operating Activities reconcile the operating loss recorded on the Statement of Revenues, Expenses and Changes in Net Position to cash provided by operating activities. In this process, the Operating Loss is decreased by the amount of any non-cash transaction (depreciation) and adjusted for changes in assets and liabilities. (Please see the full Statement of Cash Flows for a complete listing of these transactions).

Cash Flows from Noncapital Financing Activities consist of income received primarily from government grants.

Cash Flows from Capital and Related Financing Activities represent funds from loan proceeds less the costs of acquisitions of capital assets (see Notes to Financial Statements, Note 4 - Capital Assets). Also reflected are principal and interest payments on mortgages and loans payable.

Management's Discussion and Analysis
Year Ended June 30, 2024 (continued)

Cash Flows from Investing Activities are comprised of interest income.

Cash and cash equivalents increased \$7,751,150 in 2024 and increased \$2,571,463 in 2023. The increase is largely due to the increase in nonoperating income.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2024 and 2023 the WTCSB had \$13,576,757 and \$13,276,185 in net capital assets, respectively. These were comprised primarily of land, buildings and improvements, and equipment and vehicles. (See Notes to Financial Statements, Note 4 - Capital Assets.)

Long-Term Debt

Long-term obligations as of June 30, 2024 are \$1,923,053 a net decrease of \$503,289 from June 30, 2023 (see Notes to Financial Statements, Note 6 - Long-term Obligations). This debt is for five facilities. 1000 Commercial Lane, our Suffolk Services Center and the Pathways ID day support complex is financed by SunTrust Bank with a balance of \$321,393. The two Intermediate Care Facilities located at 4373 and 4395 Pruden Blvd. are financed with a \$355,115 loan from Farmer's Bank with a balance of \$332,054. Neighbor's Place located at 22510 Thomas Woods Lane, Zuni, Virginia is financed with a loan from the Department of Housing and Urban Development with a balance of \$200,213.

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- Basic Financial Statements -

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

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

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2024	2023
Current Assets:		
Cash and cash equivalents	\$ 44,832,762	\$ 37,053,988
Accounts receivable, less allowance for uncollectibles	3,013,559	2,611,053
Prepaid items	30,000	30,000
Total current assets	<u>\$ 47,876,321</u>	<u>\$ 39,695,041</u>
Restricted Assets:		
Cash and cash equivalents	\$ 488,239	\$ 515,863
Accounts receivable	37,164	36,772
Total restricted assets	<u>\$ 525,403</u>	<u>\$ 552,635</u>
Capital Assets:		
Land	\$ 2,265,608	\$ 2,265,608
Construction in progress	211,846	230,293
Lease buildings, less accumulated depreciation	1,019,138	1,299,543
Other capital assets, less accumulated depreciation	10,080,165	9,457,409
Total capital assets, net	<u>\$ 13,576,757</u>	<u>\$ 13,252,853</u>
Other Assets:		
Net pension asset	\$ 6,729,184	\$ 4,689,768
Net OPEB asset	48,430	52,405
Other assets	<u>\$ 6,777,614</u>	<u>\$ 4,742,173</u>
Total assets	<u>\$ 68,756,095</u>	<u>\$ 58,242,702</u>
Deferred Outflows of Resources:		
Pension related items	\$ 730,245	\$ 1,008,884
OPEB related items	46,457	51,819
Total deferred outflows of resources	<u>\$ 776,702</u>	<u>\$ 1,060,703</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,854,520	\$ 1,527,872
Compensated absences	1,356,802	1,431,457
Amounts held for others - regional funds	14,573,379	9,826,529
Lease liability, current portion	280,086	270,179
Long-term debt, current portion	232,880	222,433
Total current liabilities	<u>\$ 18,297,667</u>	<u>\$ 13,278,470</u>
Liabilities Payable from Restricted Assets:		
Accounts payable and accrued expenses	\$ 207,750	\$ 176,812
Long-term debt, current portion	17,110	15,740
Security deposits	4,746	5,073
Total liabilities payable from restricted assets	<u>\$ 229,606</u>	<u>\$ 197,625</u>
Long-Term Liabilities:		
Lease liability, less current portion	\$ 789,307	\$ 1,069,393
Long-term debt, less current portion	603,670	852,221
Total long-term liabilities	<u>\$ 1,392,977</u>	<u>\$ 1,921,614</u>
Total liabilities	<u>\$ 19,920,250</u>	<u>\$ 15,397,709</u>
Deferred Inflows of Resources:		
Pension related items	\$ 2,196,408	\$ 1,909,924
OPEB related items	46,808	68,444
Total deferred inflows of resources	<u>\$ 2,243,216</u>	<u>\$ 1,978,368</u>
Net Position:		
Net investment in capital assets	\$ 11,653,704	\$ 10,822,887
Restricted:		
HUD entities	(50,167)	34,190
Debt reserve	337,490	330,060
Net pension asset	6,729,184	4,689,768
Net OPEB asset	48,430	52,405
Unrestricted	28,650,690	25,998,018
Total net position	<u>\$ 47,369,331</u>	<u>\$ 41,927,328</u>

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

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

	<u>2024</u>	<u>2023</u>
Operating revenue:		
Net patient service revenue	\$ 28,630,643	\$ 27,851,231
Operating expenses:		
Salaries and benefits	\$ 42,025,504	\$ 28,489,467
Staff development	481,533	469,241
Facility	2,648,508	2,252,105
Supplies	2,190,360	1,827,898
Travel	590,621	556,854
Contractual and consulting	8,437,150	7,328,756
Depreciation	990,044	938,561
Other	309,150	220,168
Total operating expenses	\$ 57,672,870	\$ 42,083,050
Operating income (loss)	\$ (29,042,227)	\$ (14,231,819)
Nonoperating income (expenses):		
Commonwealth of Virginia	\$ 28,555,146	\$ 12,622,062
Federal government	3,806,173	3,634,847
Local governments	1,072,537	949,968
Rentals	270,528	279,984
Interest income	138,538	36,945
Other	715,570	1,259,272
Loss on disposition of capital assets	-	(6,554)
Interest expense	(74,262)	(89,903)
Net nonoperating income (expenses)	\$ 34,484,230	\$ 18,686,621
Change in net position	\$ 5,442,003	\$ 4,454,802
Net position, beginning of year	41,927,328	37,472,526
Net position, end of year	\$ 47,369,331	\$ 41,927,328

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

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

	2024	2023
Cash flows from operating activities:		
Receipts from customers	\$ 28,228,137	\$ 27,629,538
Payments to suppliers	(9,552,886)	(11,370,719)
Payments to and for employees	(43,586,751)	(29,326,508)
Net cash provided by (used for) operating activities	<u>\$ (24,911,500)</u>	<u>\$ (13,067,689)</u>
Cash flows from noncapital financing activities:		
Government grants	\$ 33,433,856	\$ 15,259,427
Other	985,947	1,531,826
Net cash provided by (used for) noncapital financing activities	<u>\$ 34,419,803</u>	<u>\$ 16,791,253</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$ (1,314,516)	\$ (835,110)
Interest on long-term debt	(74,262)	(89,903)
Principal payments on lease liability	(270,179)	(38,259)
Principal payments on mortgages payable	(236,734)	(225,774)
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,895,691)</u>	<u>\$ (1,189,046)</u>
Cash flows from investing activities:		
Interest income	\$ 138,538	\$ 36,945
Net increase (decrease) in cash and cash equivalents	<u>\$ 7,751,150</u>	<u>\$ 2,571,463</u>
Cash and cash equivalents, beginning of year, including restricted cash	<u>37,569,851</u>	<u>34,998,388</u>
Cash and cash equivalents, end of year, including restricted cash	<u><u>\$ 45,321,001</u></u>	<u><u>\$ 37,569,851</u></u>
Reconciliation to statement of net position:		
Cash and cash equivalents	\$ 44,832,762	\$ 37,053,988
Cash and cash equivalents - restricted	488,239	515,863
Total cash and cash equivalents, end of year	<u><u>\$ 45,321,001</u></u>	<u><u>\$ 37,569,851</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (29,042,227)	\$ (14,231,819)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	990,044	938,561
Changes in assets, liabilities and deferred outflows/inflows of resources:		
Accounts receivable	(402,506)	(221,693)
Prepaid items	-	(30,000)
Deferred outflows of resources - pension related items	278,639	624,394
Deferred outflows of resources - OPEB related items	5,362	(26,911)
Accounts payable and accrued expenses	357,586	(970,215)
Compensated absences	(74,655)	124,971
Amounts held for others - regional funds	4,746,850	2,284,518
Net pension asset	(2,039,416)	2,721,775
Net OPEB asset	3,975	20,894
Deferred inflows of resources - pension related items	286,484	(4,287,571)
Deferred inflows of resources - OPEB related items	(21,636)	(14,593)
Net cash provided by (used for) operating activities	<u><u>\$ (24,911,500)</u></u>	<u><u>\$ (13,067,689)</u></u>

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Statement of Fiduciary Net Position
At June 30, 2024

	Private- Purpose Trust Funds
ASSETS:	
Cash and cash equivalents	\$ 218,959
Total assets	\$ 218,959
NET POSITION:	
Restricted for:	
Patient funds	\$ 108,758
Representative payee funds	42,533
Resident funds	67,668
Total net position	\$ 218,959

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

**Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2023**

	Private- Purpose Trust Funds
ADDITIONS:	
Patient funds received	\$ 435,596
Representative payee funds received	541,565
Resident funds received	<u>438,378</u>
Total additions	<u>\$ 1,415,539</u>
DEDUCTIONS:	
Patient funds	\$ 500,087
Representative payee funds	568,047
Resident funds	<u>482,471</u>
Total deductions	<u>\$ 1,550,605</u>
Net increase (decrease) in fiduciary net position	\$ (135,066)
Net position, beginning	354,025
Net position, ending	<u><u>\$ 218,959</u></u>

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description and Purpose of Organization:

The Board operates as an agent for the Cities of Suffolk and Franklin and Counties of Isle of Wight and Southampton in the establishment and operation of community mental health, intellectual disability and substance abuse programs as provided for in Chapter 5 of Title 37.2 of the Code of Virginia (1950), as amended, relating to the Virginia Department of Behavioral Health and Developmental Services. The Board provides a system of community mental health and intellectual disability and substance abuse services which are developed in and meet the needs of the participating localities.

B. Financial Reporting Entity:

For financial reporting purposes, the Board includes all organizations for which it is considered financially accountable. All component units included in these financial statements have years which end on June 30.

C. Individual Component Unit Disclosures:

Blended Component Units: Blended component units, although legally separate entities are, in substance, part of the Board's operations, and so data from these units are combined with data of the Board. The Board has the following blended component units.

Isle of Wight Opportunities for the Disabled: Isle of Wight Opportunities for the Disabled owns a residential facility for intellectually disabled and/or handicapped persons. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Jay's Place: Jay's Place is an organization established to operate a residential facility for intellectually disabled and/or handicapped persons. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Wilkins of Suffolk: The Wilkins of Suffolk is an organization established to operate a residential facility for intellectually disabled and/or handicapped persons. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reggie's Place: Reggie's Place is an organization established to operate a residential facility for intellectually disabled and/or handicapped persons. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Barrett House: Barrett House is an organization established to operate a residential facility for intellectually disabled and/or handicapped persons. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Gabriel's Place: Gabriel's Place is an organization established to operate a residential facility for intellectually disabled and/or handicapped persons. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

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

D. 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 only 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 will 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 to pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

E. Basis of Accounting:

The Board is funded by federal, state and local funds. Its accounting policies are governed by applicable provisions of these grants and applicable pronouncements and publications of the grantors. The Board utilizes the accrual basis of accounting where revenues are recorded when earned and expenses recorded when due.

F. Financial Statement Presentation:

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB) and the Virginia Department of Behavioral Health and Developmental Services. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

G. Enterprise Fund Accounting:

Western Tidewater Community Services Board is a governmental health care entity and is required to follow the accounting and reporting practices of the Governmental Accounting Standards Board. For financial reporting purposes, the Board utilizes the enterprise fund method of accounting whereby revenue and expenses are recognized on the accrual basis.

H. Fiduciary Funds (Trust and Custodial Funds):

Fiduciary Funds (Trusts and Custodial Funds) account for assets held by the Board in a trustee capacity or as a custodian for individuals, and other governmental units. These funds include private-purpose trust funds, which consist of client and patient funds. Fiduciary funds are reported on full accrual basis of accounting.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

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

I. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Cash and Cash Equivalents:

The Board maintains cash accounts with financial institutions in accordance with the Virginia Security for Public Deposits Act of the Code of Virginia. The Act requires financial institutions to meet specific collateralization requirements. Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less from the date of acquisition.

K. Net Client Service Revenue:

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

L. Financial Assistance:

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

The vast majority of fees collected result from Medicaid billings.

M. Capital Assets:

Capital assets, which include property, furniture, equipment and vehicles acquired are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from 5 to 31 years and is computed using the straight-line method. Donated capital assets are recorded at their acquisition value at the time of the gift. All capital asset additions with a cost greater than \$5,000 are capitalized.

N. Restricted Assets:

The Board segregates monies held on behalf of third parties and restricted donations and other items which have not yet been totally expended for their intended purposes.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

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

O. Compensated Absences:

The Board's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of service. Employees terminating their employment are paid by the Board their accumulated annual leave up to the maximum limit which is 320 hours provided that they have 5 years of continued salaried employment. Unused sick leave is paid at the date of separation based on length of service. The amount that shall be paid is limited to 25% of accrued sick leave up to a maximum of \$5,000 for employees with at least five years of service.

The liabilities for annual and sick leave have been recorded. The amount of annual and sick leave recognized as expense is the amount earned during the year. The balance at June 30, 2024 was \$1,356,802. Because the timing of the use of accrued leave is not estimable, the total amount has been classified as a current liability.

P. Investments:

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Q. Budgetary Accounting:

The Board follows these procedures in establishing its budgets:

1. In response to Letters of Notification received from the Virginia Department of Behavioral Health and Developmental Services (the Department), the Board submits a Performance Contract to the Department. This application contains complete budgets for all Core Services.
2. The Board's Performance reports are filed with the Department during the fiscal year, 45 working days after the end of the second and third quarters. The final quarterly report is due by August 31, unless extended, following the end of the fiscal year.
3. If any changes are made during the fiscal year in state or federal block grants or local match funds, the Board submits Performance Contract revisions which reflect these changes in time to be received by the Department by required deadlines.

R. Operating and Nonoperating Revenues and Expenses:

Operating revenues and expenses are defined as those items that result from providing services, and include all transactions and events which are not capital and related financing, noncapital financing or investing activities. Nonoperating revenues are defined as grants, investment and other income. Nonoperating expenses are defined as capital and noncapital related financing and other expenses.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

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

S. Comparative Totals:

The basic financial statements include certain prior-year summarized comparative information in total, but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

T. 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.

U. Rental Income:

The component unit organizations receive rental income from tenants, including those eligible for certain U.S. Department of Housing and Urban Development programs. Tenant lease agreements are generally for one year terms and rental income is recorded when earned. This revenue is reported in other nonoperating income for financial reporting.

V. 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 fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

W. Other Postemployment Benefits (OPEB):

For purposes of measuring the net VRS related OPEB 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 HIC Plan and the additions to/deductions from the VRS OPEB Plans' fiduciary net 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.

X. Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. This represents a liability incurred by the Board for monies accepted from a grantor using the advance method for payments. The liability is reduced and revenue recorded when expenses are made in accordance with the grantor's requirements. If expenses are not made, the funds may revert to the grantor.

Y. Leases:

The Board leases various buildings 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 a lease liability and intangible right-to-use lease asset (lease asset) with an initial value of \$5,000, individually or in the aggregate. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Key Estimates and Judgments

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

- The Board uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Board uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term 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.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

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

Y. Leases: (Continued)

Key Estimates and Judgments: (Continued)

- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee).

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

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits:

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

Restricted Cash:

Restricted cash represents funds held for debt service reserves and cash held by the component unit organizations for various purposes.

Investments:

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Custodial Credit Risk (Investments):

The Board’s investment policy requires it to take all possible precautions to minimize the credit risk of its investments through the monitoring of the credit worthiness of the banks and other organizations in which it deposits its money.

Credit Risk of Debt Securities:

The Board’s rated debt investments as of June 30, 2024 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

Rated Debt Investments' Values					
Rated Debt Investments	Fair Quality Ratings				
	AAAm	AA	A	A1	Unrated
Local Government Investment Pool	\$ 880,913	\$ -	\$ -	\$ -	\$ -

Concentration of Credit Risk:

The Board’s investment policy regarding the concentration of credit risk requires the minimization of credit risk by limiting investments to the safest securities, prequalifying financial institutions, brokers, dealers and other organizations, and diversifying the investment portfolio to limit potential losses on individual securities.

Interest Rate Risk:

The Board’s investment policy requires the investing of operating funds primarily in short-term securities, money market funds or similar investment pools to minimize interest rate risk. The following details the Board’s investments at June 30, 2024.

Investment Type	Value	Less Than	1-5	6-10	10
		One Year	Years	Years	Years +
Local Government Investment Pool	\$ 880,913	\$ 880,913	\$ -	\$ -	\$ -

External Investment Pool:

The value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pools rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Summary of Cash, Deposits and Investments:

	<u>2024</u>	<u>2023</u>
Cash on hand	\$ 3,064	\$ 3,114
Cash in banks	43,948,785	36,216,814
Investments	880,913	834,060
Total	<u>\$ 44,832,762</u>	<u>\$ 37,053,988</u>
Cash and cash equivalents:		
Unrestricted	\$ 44,832,762	\$ 37,053,988
Restricted	488,239	515,863
Total	<u>\$ 45,321,001</u>	<u>\$ 37,569,851</u>
Restricted cash and cash equivalents consist of:		
Debt service reserves	\$ 337,490	\$ 330,060
Other entities	150,749	185,803
Total	<u>\$ 488,239</u>	<u>\$ 515,863</u>

NOTE 3 - ACCOUNTS RECEIVABLE:

At June 30, 2024 and 2023, the Board had accounts receivable due from the following primary sources.

	<u>2024</u>	<u>2023</u>
Virginia Department of Medical Assistance Services (Medicaid)	\$ 804,074	\$ 2,063,622
Direct client and third party	307,089	1,119,870
Other	2,215,622	25,892
Restricted accounts receivable	37,164	36,772
Total	<u>\$ 3,363,949</u>	<u>\$ 3,246,156</u>
Less: Allowance for uncollectibles	(313,226)	(598,331)
Net accounts receivable	<u>\$ 3,050,723</u>	<u>\$ 2,647,825</u>

Other than the amounts due for Medicaid charges, there are no other individually significant sources of receivables.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 3 - ACCOUNTS RECEIVABLE: (CONTINUED)

Net accounts receivable are allocated as follows:

	<u>2024</u>	<u>2023</u>
Unrestricted	\$ 3,013,559	\$ 2,611,053
Restricted	37,164	36,772
Total	<u>\$ 3,050,723</u>	<u>\$ 2,647,825</u>

The allowance for uncollectible accounts has been computed using historical data and specific account analysis.

NOTE 4 - CAPITAL ASSETS:

Capital asset activity for the year is as follows:

	<u>Balance June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>
Capital assets not being depreciated:				
Land	\$ 2,265,608	\$ -	\$ -	\$ 2,265,608
Construction in progress	230,293	-	18,447	211,846
Total capital assets not being depreciated	<u>\$ 2,495,901</u>	<u>\$ -</u>	<u>\$ 18,447</u>	<u>\$ 2,477,454</u>
Other capital assets:				
Buildings and improvements	\$ 13,390,753	\$ 166,224	\$ 75,549	\$ 13,481,428
Lease buildings	1,797,278	-	-	1,797,278
Furniture and equipment	1,892,717	163,312	465,201	1,590,828
Vehicles	3,768,431	979,533	345,318	4,402,646
Total other capital assets	<u>\$ 20,849,179</u>	<u>\$ 1,309,069</u>	<u>\$ 886,068</u>	<u>\$ 21,272,180</u>
Less: Accumulated depreciation				
Buildings and improvements	\$ 4,791,251	\$ 352,508	\$ 72,207	\$ 5,071,552
Lease buildings	497,735	280,405	-	778,140
Furniture and equipment	1,473,060	121,288	465,201	1,129,147
Vehicles	3,330,181	235,843	371,986	3,194,038
Total accumulated depreciation	<u>\$ 10,092,227</u>	<u>\$ 990,044</u>	<u>\$ 909,394</u>	<u>\$ 10,172,877</u>
Other capital assets, net	<u>\$ 10,756,952</u>	<u>\$ 319,025</u>	<u>\$ (23,326)</u>	<u>\$ 11,099,303</u>
Net capital assets	<u>\$ 13,252,853</u>	<u>\$ 319,025</u>	<u>\$ (4,879)</u>	<u>\$ 13,576,757</u>

Depreciation expense totaled \$990,044 for FY 2024 and \$938,561 for FY 2023.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 5 - LONG-TERM OBLIGATIONS:

	<u>Balance</u>	<u>Current Portion</u>
<u>Direct Borrowings and Direct Placements:</u>		
\$3,000,000, SunTrust Bank, interest at 4.60%, due in monthly installments of \$19,171 through November 2025, secured by real estate.	\$ 321,393	\$ 220,214
\$375,000, U.S. Department of Housing and Urban Development, interest at 8.375%, due in monthly installments of \$2,769 through October 2032, secured by real estate.	200,213	17,110
\$355,115 Farmer's Bank, interest at 4.250%, payable in monthly installments of \$2,211 through May 2027 with a final payment due May 2027, secured by real estate.	332,054	12,666
Total mortgages payable	\$ 853,660	\$ 249,990
Long-term lease for office building real estate, for a term of ten years, paid in monthly installments of \$20,350, increasing annually by 1.5%.	\$ 1,069,393	\$ 280,086
Total long-term obligations	\$ 1,923,053	\$ 530,076

Annual requirements to amortize mortgages payable at current interest rates are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements		Lease Liability	
	Principal	Interest	Principal	Interest
2025	\$ 249,990	\$ 39,825	\$ 280,086	\$ 16,485
2026	132,994	29,020	290,257	11,503
2027	325,715	23,665	300,698	6,339
2028	21,978	11,253	198,352	1,272
2028	23,890	9,340	-	-
2029-2034	99,093	15,088	-	-
Total	\$ 853,660	\$ 128,191	\$ 1,069,393	\$ 35,599

Details of Long-Term Obligations:

	Direct Borrowings and Direct Placements			
	<u>Mortgages Payable</u>	<u>Lease Liability</u>		<u>Total</u>
Balance at July 1, 2023	\$ 1,090,394	\$ 1,339,572	\$	2,429,966
Additions	-	-		-
Retirements	(236,734)	(270,179)		(506,913)
Balance at June 30, 2024	\$ 853,660	\$ 1,069,393	\$	1,923,053

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 5 - LONG-TERM OBLIGATIONS: (CONTINUED)

The Board is in compliance with federal arbitrage regulations.

Total interest cost for fiscal year 2024 was \$74,262, all of which was expensed.

The Board's outstanding notes from direct borrowings and direct placements contain a provision that in an event of default, outstanding amounts become immediately due if the Board is unable to make payment.

NOTE 6 - 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 of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 6 - PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee’s average final compensation multiplied by the employee’s total service credit. Under Plan 1, average final compensation is the average of the employee’s 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees. 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, 2022 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	136
Inactive members:	
Vested inactive members	87
Non-vested inactive members	290
Inactive members active elsewhere in VRS	164
Total inactive members	541
Active members	508
Total covered employees	1,185

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.

NOTE 6 - PENSION PLAN: (CONTINUED)

Contributions: (Continued)

The Board’s contractually required employer contribution rate for the year ended June 30, 2024 was 3.45% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Board were \$730,245 and \$641,455 for the years ended June 30, 2024 and June 30, 2023, 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 liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions - General Employees

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 6 - PENSION PLAN: (CONTINUED)

Mortality rates: (Continued)

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

All Other (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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 6 - 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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		**Expected arithmetic nominal return	8.25%

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 6 - PENSION PLAN: (CONTINUED)

Discount Rate

state and teacher employer contributions; the Board was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 47,293,395	\$ 51,983,163	\$ (4,689,768)
Changes for the year:			
Service cost	\$ 1,779,508	\$ -	\$ 1,779,508
Interest	3,248,229	-	3,248,229
Differences between expected and actual experience	(1,955,364)	-	(1,955,364)
Contributions - employer	-	615,603	(615,603)
Contributions - employee	-	1,140,903	(1,140,903)
Net investment income	-	3,386,981	(3,386,981)
Benefit payments, including refunds of employee contributions	(1,901,996)	(1,901,996)	-
Administrative expenses	-	(33,065)	33,065
Other changes	-	1,367	(1,367)
Net changes	\$ 1,170,377	\$ 3,209,793	\$ (2,039,416)
Balances at June 30, 2023	\$ 48,463,772	\$ 55,192,956	\$ (6,729,184)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Board's Net Pension Liability (Asset)	\$ 273,871	\$ (6,729,184)	\$ (12,332,041)

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 6 - PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2024, the Board recognized pension expense of (\$769,900). At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,409,875
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	786,533
Employer contributions subsequent to the measurement date	<u>730,245</u>	<u>-</u>
Total	<u>\$ 730,245</u>	<u>\$ 2,196,408</u>

\$730,245 was 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2025	\$ (1,339,105)
2026	(1,620,880)
2027	740,398
2028	23,179
2029	-
Thereafter	-

Pension Plan Data

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

NOTE 7 - FISCAL AGENT:

The City of Franklin, Virginia acts as fiscal agent for the Board pursuant to the requirements of Section 37.1-195 of the Code of Virginia (1950), as amended.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 8 - COMMITMENTS AND CONTINGENCIES:

The Board operates programs which are funded by grants received from federal, state or local sources. Expenditures financed by grants are subject to audit by the grantor. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor. The Board believes that the likelihood of disallowance of expenditures and subsequent reimbursement is remote and would not have a material effect on the overall financial position of the Board. Federal programs in which the Board participates were audited in accordance with the provisions of the U.S. Office of Management and Uniform Guidance.

The reimbursement office of the Board is periodically reviewed by representatives of federal and state authorities regarding its billing of Medicaid and Medicare. These reviews may result in the Board refunding certain collections or prior claims to Medicare and Medicaid. The impact of these reviews cannot be presently determined. However, the Board's management believes that any liability for reimbursement which may arise as the result of these audits is not believed to be material to the financial position of the Board.

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

NOTE 9 - RISK MANAGEMENT:

The Board has contracted with the Commonwealth of Virginia Division of Risk Management and private insurance carriers for property damage and liability, workers' compensation, directors and officers liability and professional liability coverages. Coverages are \$12,090,000 for real and personal property and related items, \$1,000,000 for directors and officers and \$2,100,000 for professional liability policies. Workers' compensation coverages are for statutory amounts. There are no surety bond coverages required or purchased for members of the Board of Directors. Management believes its insurance coverages are sufficient to preclude any significant uninsured losses to the Board. There have been no settlements in excess of insurance coverage for the past three years. The Board and its related entities assume risks related to damages in excess of insurance coverages and related deductibles.

NOTE 10 - CONTRIBUTIONS BY PARTICIPANT LOCAL GOVERNMENTS:

Funds contributed by participant local governments were as follows:

	2024	2023
City of Suffolk	\$ 654,686	\$ 550,000
City of Franklin	42,469	33,262
County of Isle of Wight	297,890	289,214
County of Southampton	77,492	77,492
Total	<u>\$ 1,072,537</u>	<u>\$ 949,968</u>

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 11 - NET PATIENT SERVICE REVENUE SOURCES:

Net patient service revenues were from the following sources:

	<u>2024</u>	<u>2023</u>
Medicaid	\$ 12,913,964	\$ 13,437,505
Direct client and third party	3,122,404	2,582,369
Other	12,594,275	11,831,357
Total	<u>\$ 28,630,643</u>	<u>\$ 27,851,231</u>

NOTE 12 - NET POSITION:

Isle of Wight Opportunities for the Disabled, a component unit of the Board, has a deficit net position balance of \$111,147 at June 30, 2024.

Restricted net position of the Board consists of the following:

Cash and other assets held by component unit organizations which are restricted for	
HUD entities	\$ (50,167)
Debt reserve	337,490
Net pension asset	6,729,184
Net OPEB asset	48,430
Total	<u>\$ 7,064,937</u>

The net position restricted for HUD purposes is considered restricted due to the regulatory oversight over the component units funded by HUD and the restrictions on the use of the properties pursuant to the acceptance of capital advance funds and loans by the organizations.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 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 participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	53
Vested inactive members	12
Active members	<u>672</u>
Total covered employees	<u><u>737</u></u>

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The Board’s contractually required employer contribution rate for the year ended June 30, 2024 was .04% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 from the Board to the HIC Program were \$12,623 and \$10,562 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

The Board’s net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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

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 Scale:

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

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

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2024 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
	**Expected arithmetic nominal return		8.25%

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

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

Discount Rate

The discount rate used to measure the total HIC 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 at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC 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 HIC OPEB liability.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Changes in Net HIC OPEB Liability (Asset)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 449,156	\$ 501,561	\$ (52,405)
Changes for the year:			
Service cost	\$ 12,565	\$ -	\$ 12,565
Interest	30,590	-	30,590
Differences between expected and actual experience	1,213	-	1,213
Change in assumptions	-	-	-
Contributions - employer	-	10,583	(10,583)
Net investment income	-	29,952	(29,952)
Benefit payments	(17,067)	(17,067)	-
Administrative expenses	-	(720)	720
Other changes	-	578	(578)
Net changes	\$ 27,301	\$ 23,326	\$ 3,975
Balances at June 30, 2023	\$ 476,457	\$ 524,887	\$ (48,430)

Sensitivity of the Board's HIC Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the Board's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the Board's net HIC 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Board's Net HIC OPEB Liability (Asset)	\$ 10,889	\$ (48,430)	\$ (97,827)

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2024, the Board recognized HIC Program OPEB expense of \$345. At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to the Board's HIC Plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 954	\$ 41,163
Net difference between projected and actual earnings on HIC OPEB plan investments	-	4,332
Change in assumptions	32,880	1,313
Employer contributions subsequent to the measurement date	<u>12,623</u>	<u>-</u>
Total	<u>\$ 46,457</u>	<u>\$ 46,808</u>

\$12,623 was reported as deferred outflows of resources related to the HIC OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ (7,462)
2026	(11,070)
2027	4,116
2028	998
2029	444
Thereafter	-

HIC Plan Data

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

Notes to Financial Statements
As of June 30, 2024 (Continued)

NOTE 14 - UPCOMING PRONOUNCEMENTS:

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

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

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

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

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- Required Supplementary Information -

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 1,779,508	\$ 1,354,101	\$ 1,342,566	\$ 1,338,915	\$ 1,404,579
Interest	3,248,229	3,064,809	2,772,693	2,630,011	2,470,370
Differences between expected and actual experience	(1,955,364)	(323,287)	(611,536)	(291,784)	(64,265)
Changes in assumptions	-	-	1,140,963	-	1,261,671
Benefit payments, including refunds of employee contributions	(1,901,996)	(1,705,417)	(1,636,872)	(1,489,797)	(1,310,641)
Net change in total pension liability	\$ 1,170,377	\$ 2,390,206	\$ 3,007,814	\$ 2,187,345	\$ 3,761,714
Total pension liability - beginning	47,293,395	44,903,189	41,895,375	39,708,030	35,946,316
Total pension liability - ending (a)	\$ 48,463,772	\$ 47,293,395	\$ 44,903,189	\$ 41,895,375	\$ 39,708,030
Plan fiduciary net position					
Contributions - employer	\$ 615,603	\$ 555,265	\$ 470,938	\$ 468,369	\$ 499,550
Contributions - employee	1,140,903	913,496	788,629	789,211	803,027
Net investment income	3,386,981	(63,880)	11,343,109	775,999	2,585,866
Benefit payments, including refunds of employee contributions	(1,901,996)	(1,705,417)	(1,636,872)	(1,489,797)	(1,310,641)
Administrative expense	(33,065)	(32,255)	(27,818)	(26,355)	(24,852)
Other	1,367	1,222	1,074	(933)	(1,631)
Net change in plan fiduciary net position	\$ 3,209,793	\$ (331,569)	\$ 10,939,060	\$ 516,494	\$ 2,551,319
Plan fiduciary net position - beginning	51,983,163	52,314,732	41,375,672	40,859,178	38,307,859
Plan fiduciary net position - ending (b)	\$ 55,192,956	\$ 51,983,163	\$ 52,314,732	\$ 41,375,672	\$ 40,859,178
Board's net pension liability (asset) - ending (a) - (b)	\$ (6,729,184)	\$ (4,689,768)	\$ (7,411,543)	\$ 519,703	\$ (1,151,148)
Plan fiduciary net position as a percentage of the total pension liability	113.88%	109.92%	116.51%	98.76%	102.90%
Covered payroll	\$ 26,405,399	\$ 20,851,556	\$ 17,585,121	\$ 17,536,759	\$ 17,918,115
Board's net pension liability (asset) as a percentage of covered payroll	-25.48%	-22.49%	-42.15%	2.96%	-6.42%

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Pension Plan (Continued)
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 1,120,868	\$ 1,148,096	\$ 1,079,319	\$ 1,022,214	\$ 1,025,485
Interest	2,332,985	2,203,999	2,091,577	2,002,356	1,865,455
Differences between expected and actual experience	(297,355)	(146,127)	(559,745)	(705,766)	-
Changes in assumptions	-	(347,840)	-	-	-
Benefit payments, including refunds of employee contributions	(1,077,089)	(953,829)	(1,056,417)	(1,032,029)	(838,386)
Net change in total pension liability	\$ 2,079,409	\$ 1,904,299	\$ 1,554,734	\$ 1,286,775	\$ 2,052,554
Total pension liability - beginning	33,866,907	31,962,608	30,407,874	29,121,099	27,068,545
Total pension liability - ending (a)	\$ 35,946,316	\$ 33,866,907	\$ 31,962,608	\$ 30,407,874	\$ 29,121,099
Plan fiduciary net position					
Contributions - employer	\$ 721,226	\$ 597,248	\$ 826,080	\$ 716,269	\$ 766,310
Contributions - employee	798,405	642,663	578,410	511,262	484,390
Net investment income	2,623,420	3,836,489	546,746	1,331,894	3,905,265
Benefit payments, including refunds of employee contributions	(1,077,089)	(953,829)	(1,056,417)	(1,032,029)	(838,386)
Administrative expense	(21,788)	(21,426)	(18,388)	(17,753)	(20,500)
Other	(2,377)	(3,446)	(228)	(283)	206
Net change in plan fiduciary net position	\$ 3,041,797	\$ 4,097,699	\$ 876,203	\$ 1,509,360	\$ 4,297,285
Plan fiduciary net position - beginning	35,266,062	31,168,363	30,292,160	28,782,800	24,485,515
Plan fiduciary net position - ending (b)	\$ 38,307,859	\$ 35,266,062	\$ 31,168,363	\$ 30,292,160	\$ 28,782,800
Board's net pension liability (asset) - ending (a) - (b)	\$ (2,361,543)	\$ (1,399,155)	\$ 794,245	\$ 115,714	\$ 338,299
Plan fiduciary net position as a percentage of the total pension liability	106.57%	104.13%	97.52%	99.62%	98.84%
Covered payroll	\$ 16,961,551	\$ 13,417,215	\$ 12,137,983	\$ 10,281,973	\$ 9,640,834
Board's net pension liability (asset) as a percentage of covered payroll	-13.92%	-10.43%	6.54%	1.13%	3.51%

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Schedule of Employer Contributions

Pension Plan

Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2024	\$ 730,245	\$ 730,245	\$ -	\$ 31,558,236	2.31%
2023	641,455	641,455	-	26,405,399	2.43%
2022	590,422	590,422	-	20,851,556	2.83%
2021	479,199	479,199	-	17,585,121	2.73%
2020	480,402	480,402	-	17,536,759	2.74%
2019	509,697	509,697	-	17,918,115	2.84%
2018	720,822	720,822	-	16,961,551	4.25%
2017	657,444	657,444	-	13,417,215	4.90%
2016	855,728	855,728	-	12,137,983	7.05%
2015	724,879	724,879	-	10,281,973	7.05%

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Required Supplementary Information

Pension Plan

Year Ended June 30, 2024

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

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

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

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

**Schedule of Changes in the Board's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023**

	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability							
Service cost	\$ 12,565	\$ 15,121	\$ 14,712	\$ 14,592	\$ 15,087	\$ 12,289	\$ 13,810
Interest	30,590	28,637	27,176	26,878	25,639	24,367	23,557
Differences between expected and actual experience	1,213	(37,060)	(13,261)	(18,233)	(3,403)	(2,756)	-
Changes in assumptions	-	43,492	(2,483)	-	11,014	-	(15,007)
Benefit payments	(17,067)	(20,333)	(18,910)	(18,728)	(14,115)	(17,345)	(4,202)
Net change in total HIC OPEB liability	\$ 27,301	\$ 29,857	\$ 7,234	\$ 4,509	\$ 34,222	\$ 16,555	\$ 18,158
Total HIC OPEB Liability - beginning	449,156	419,299	412,065	407,556	373,334	356,779	338,621
Total HIC OPEB Liability - ending (a)	\$ 476,457	\$ 449,156	\$ 419,299	\$ 412,065	\$ 407,556	\$ 373,334	\$ 356,779
Plan fiduciary net position							
Contributions - employer	\$ 10,583	\$ 18,772	\$ 15,832	\$ 19,293	\$ 19,712	\$ 25,450	\$ 20,137
Net investment income	29,952	660	103,114	7,690	23,404	23,532	33,193
Benefit payments	(17,067)	(20,333)	(18,910)	(18,728)	(14,115)	(17,345)	(4,202)
Administrative expense	(720)	(871)	(1,218)	(751)	(513)	(566)	(560)
Other	578	10,735	-	(4)	(28)	(1,613)	1,613
Net change in plan fiduciary net position	\$ 23,326	\$ 8,963	\$ 98,818	\$ 7,500	\$ 28,460	\$ 29,458	\$ 50,181
Plan fiduciary net position - beginning	501,561	492,598	393,780	386,280	357,820	328,362	278,181
Plan fiduciary net position - ending (b)	\$ 524,887	\$ 501,561	\$ 492,598	\$ 393,780	\$ 386,280	\$ 357,820	\$ 328,362
Board's net HIC OPEB liability (asset) - ending (a) - (b)	\$ (48,430)	\$ (52,405)	\$ (73,299)	\$ 18,285	\$ 21,276	\$ 15,514	\$ 28,417
Plan fiduciary net position as a percentage of the total HIC OPEB liability	110.16%	111.67%	117.48%	95.56%	94.78%	95.84%	92.04%
Covered payroll	\$ 26,405,399	\$ 20,851,556	\$ 17,585,121	\$ 17,536,759	\$ 17,917,479	\$ 16,691,551	\$ 13,417,215
Board's net HIC OPEB liability (asset) as a percentage of covered payroll	-0.18%	-0.25%	-0.42%	0.10%	0.12%	0.09%	0.21%

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.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

Years Ended June 30, 2017 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 12,623	\$ 12,623	\$ -	\$ 31,558,236	0.04%
2023	10,562	10,562	-	26,405,399	0.04%
2022	18,766	18,766	-	20,851,556	0.09%
2021	15,827	15,827	-	17,585,121	0.09%
2020	19,290	19,290	-	17,536,759	0.11%
2019	19,709	19,709	-	17,917,479	0.11%
2018	25,404	25,404	-	16,691,551	0.15%
2017	20,126	20,126	-	13,417,215	0.15%

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

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Notes to Required Supplementary Information Health Insurance Credit (HIC) Plan Year Ended June 30, 2024

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

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

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

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- Other Supplementary Information -

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Combining Statement of Net Position
As of June 30, 2024

	Western Tidewater Community Services Board	Isle of Wight Opportunities for the Disabled	Jay's Place	The Wilkins of Suffolk
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets:				
Cash and cash equivalents	\$ 44,832,762	\$ -	\$ -	\$ -
Accounts receivable, less allowance for uncollectibles	3,013,559	-	-	-
Prepaid expenses	30,000	-	-	-
Total current assets	\$ 47,876,321	\$ -	\$ -	\$ -
Restricted Assets:				
Cash and cash equivalents	\$ 337,490	\$ 58,902	\$ 11,779	\$ 25,492
Accounts receivable	-	8,930	7,086	4
Total restricted assets	\$ 337,490	\$ 67,832	\$ 18,865	\$ 25,496
Capital Assets:				
Land	\$ 2,150,116	\$ 35,192	\$ 5,000	\$ 5,000
Construction in progress	211,846	-	-	-
Lease buildings, less accumulated depreciation	1,019,138	-	-	-
Other capital assets, less accumulated depreciation	9,097,938	28,290	126,980	130,173
Total capital assets, net	\$ 12,479,038	\$ 63,482	\$ 131,980	\$ 135,173
Other Assets:				
Net pension asset	\$ 6,729,184	\$ -	\$ -	\$ -
Net OPEB asset	48,430	-	-	-
Total other assets	\$ 6,777,614	\$ -	\$ -	\$ -
Total assets	\$ 67,470,463	\$ 131,314	\$ 150,845	\$ 160,669
Deferred Outflows of Resources:				
Pension related items	\$ 730,245	\$ -	\$ -	\$ -
OPEB related items	46,457	-	-	-
Total deferred outflows of resources	\$ 776,702	\$ -	\$ -	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 1,854,520	\$ -	\$ -	\$ -
Compensated absences	1,356,802	-	-	-
Amounts held for others - regional funds	14,573,379	-	-	-
Lease liability	280,086	-	-	-
Long-term debt, current portion	232,880	-	-	-
Total current liabilities	\$ 18,297,667	\$ -	\$ -	\$ -
Liabilities Payable from Restricted Assets:				
Accounts payable and accrued expenses	\$ -	\$ 40,194	\$ 30,685	\$ 30,946
Long-term debt, current portion	-	17,110	-	-
Security deposits	-	2,054	17	643
Total liabilities payable from restricted assets	\$ -	\$ 59,358	\$ 30,702	\$ 31,589
Long-Term Liabilities:				
Lease liability, less current portion	\$ 789,307	\$ -	\$ -	\$ -
Long-term debt, less current portion	420,567	183,103	-	-
Total long-term liabilities	\$ 1,209,874	\$ 183,103	\$ -	\$ -
Total liabilities	\$ 19,507,541	\$ 242,461	\$ 30,702	\$ 31,589
Deferred Inflows of Resources:				
Pension related items	\$ 2,196,408	\$ -	\$ -	\$ -
OPEB related items	46,808	-	-	-
Total deferred inflows of resources	\$ 2,243,216	\$ -	\$ -	\$ -
Net Position:				
Net investment in capital assets	\$ 10,756,198	\$ (136,731)	\$ 131,980	\$ 135,173
Restricted:				
HUD entities	-	-	(11,837)	(6,093)
Debt reserve	337,490	-	-	-
Net pension asset	6,729,184	-	-	-
Net OPEB asset	48,430	-	-	-
Unrestricted	28,625,106	25,584	-	-
Total net position	\$ 46,496,408	\$ (111,147)	\$ 120,143	\$ 129,080

Reggie's Place	Barrett House	Gabriel's Place	Inter- Company Eliminations	Total
\$ -	\$ -	\$ -	\$ -	\$ 44,832,762
-	-	-	-	3,013,559
-	-	-	-	30,000
\$ -	\$ -	\$ -	\$ -	\$ 47,876,321
\$ 15,771	\$ 16,105	\$ 22,700	\$ -	\$ 488,239
12,772	1,321	7,051	-	37,164
\$ 28,543	\$ 17,426	\$ 29,751	\$ -	\$ 525,403
\$ 5,000	\$ 14,000	\$ 51,300	\$ -	\$ 2,265,608
-	-	-	-	211,846
-	-	-	-	1,019,138
164,633	180,527	351,624	-	10,080,165
\$ 169,633	\$ 194,527	\$ 402,924	\$ -	\$ 13,576,757
\$ -	\$ -	\$ -	\$ -	\$ 6,729,184
-	-	-	-	48,430
\$ -	\$ -	\$ -	\$ -	\$ 6,777,614
\$ 198,176	\$ 211,953	\$ 432,675	\$ -	\$ 68,756,095
\$ -	\$ -	\$ -	\$ -	\$ 730,245
-	-	-	-	46,457
\$ -	\$ -	\$ -	\$ -	\$ 776,702
\$ -	\$ -	\$ -	\$ -	\$ 1,854,520
-	-	-	-	1,356,802
-	-	-	-	14,573,379
-	-	-	-	280,086
-	-	-	-	232,880
\$ -	\$ -	\$ -	\$ -	\$ 18,297,667
\$ 52,507	\$ 44,711	\$ 8,707	\$ -	\$ 207,750
-	-	-	-	17,110
851	139	1,042	-	4,746
\$ 53,358	\$ 44,850	\$ 9,749	\$ -	\$ 229,606
\$ -	\$ -	\$ -	\$ -	\$ 789,307
-	-	-	-	603,670
\$ -	\$ -	\$ -	\$ -	\$ 1,392,977
\$ 53,358	\$ 44,850	\$ 9,749	\$ -	\$ 19,920,250
\$ -	\$ -	\$ -	\$ -	\$ 2,196,408
-	-	-	-	46,808
\$ -	\$ -	\$ -	\$ -	\$ 2,243,216
\$ 169,633	\$ 194,527	\$ 402,924	\$ -	\$ 11,653,704
(24,815)	(27,424)	20,002	-	(50,167)
-	-	-	-	337,490
-	-	-	-	6,729,184
-	-	-	-	48,430
-	-	-	-	28,650,690
\$ 144,818	\$ 167,103	\$ 422,926	\$ -	\$ 47,369,331

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

**Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024**

	Western Tidewater Community Services Board	Isle of Wight Opportunities for the Disabled	Jay's Place
Operating revenue:			
Net patient service revenue	\$ 28,630,643	\$ -	\$ -
Operating expenses:			
Salaries and benefits	\$ 42,025,504	\$ -	\$ -
Staff development	481,533	-	-
Facility	2,421,651	36,546	44,108
Supplies	2,190,360	-	-
Travel	590,621	-	-
Contractual and consulting	8,437,150	-	-
Depreciation	919,935	6,629	12,097
Other	309,150	-	-
Total operating expenses	\$ 57,375,904	\$ 43,175	\$ 56,205
Operating income (loss)	\$ (28,745,261)	\$ (43,175)	\$ (56,205)
Nonoperating income (expenses):			
Appropriations:			
Commonwealth of Virginia	\$ 28,555,146	\$ -	\$ -
Federal government	3,806,173	-	-
Local governments	1,072,537	-	-
Rentals	2,800	96,377	30,996
Interest income	138,519	5	3
Other	715,570	-	-
Interest expense	(56,881)	(17,381)	-
Net nonoperating income (expenses)	\$ 34,233,864	\$ 79,001	\$ 30,999
Change in net position	\$ 5,488,603	\$ 35,826	\$ (25,206)
Net position, beginning of year	41,007,805	\$ (146,973)	\$ 145,349
Net position, end of year	\$ 46,496,408	\$ (111,147)	\$ 120,143

<u>The Wilkins of Suffolk</u>	<u>Reggie's Place</u>	<u>Barrett House</u>	<u>Gabriel's Place</u>	<u>Inter- Company Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,630,643
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,025,504
-	-	-	-	-	481,533
53,534	28,278	28,621	35,770	-	2,648,508
-	-	-	-	-	2,190,360
-	-	-	-	-	590,621
-	-	-	-	-	8,437,150
8,685	13,044	12,682	16,972	-	990,044
-	-	-	-	-	309,150
\$ 62,219	\$ 41,322	\$ 41,303	\$ 52,742	\$ -	\$ 57,672,870
\$ (62,219)	\$ (41,322)	\$ (41,303)	\$ (52,742)	\$ -	\$ (29,042,227)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,555,146
-	-	-	-	-	3,806,173
-	-	-	-	-	1,072,537
30,276	29,904	38,115	42,060	-	270,528
4	2	2	3	-	138,538
-	-	-	-	-	715,570
-	-	-	-	-	(74,262)
\$ 30,280	\$ 29,906	\$ 38,117	\$ 42,063	\$ -	\$ 34,484,230
\$ (31,939)	\$ (11,416)	\$ (3,186)	\$ (10,679)	\$ -	\$ 5,442,003
161,019	156,234	170,289	433,605	-	41,927,328
\$ 129,080	\$ 144,818	\$ 167,103	\$ 422,926	\$ -	\$ 47,369,331

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

**Combining Statement of Cash Flows
Year Ended June 30, 2024**

	Western Tidewater Community Services Board	Isle of Wight Opportunities for the Disabled	Jay's Place
Cash flows from operating activities:			
Receipts from customers	\$ 28,228,137	\$ -	\$ -
Payments to suppliers	(9,356,967)	(35,764)	(37,422)
Payments to and for employees	(43,586,751)	-	-
Net cash provided by (used for) operating activities	\$ (24,715,581)	\$ (35,764)	\$ (37,422)
Cash flows noncapital financing activities:			
Government grants	\$ 33,433,856	\$ -	\$ -
Other	718,370	96,437	31,277
Net cash flows provided by (used for) noncapital financing activities	\$ 34,152,226	\$ 96,437	\$ 31,277
Cash flows from capital and related financing activities:			
Acquisition of capital assets	\$ (1,239,645)	\$ (9,380)	\$ (6,523)
Interest on long-term debt	(56,881)	(17,381)	-
Principal payments on lease liability	(270,179)	-	-
Principal payments on mortgages payable	(222,255)	(14,479)	-
Net cash provided by (used for) capital and related financing activities	\$ (1,788,960)	\$ (41,240)	\$ (6,523)
Cash flows from investing activities:			
Interest income	\$ 138,519	\$ 5	\$ 3
Net increase (decrease) in cash and cash equivalents	\$ 7,786,204	\$ 19,438	\$ (12,665)
Cash and cash equivalents, beginning of year, including restricted cash	37,384,048	39,464	24,444
Cash and cash equivalents, end of year, including restricted cash	\$ 45,170,252	\$ 58,902	\$ 11,779
Reconciliation to combining statement of net position:			
Cash and cash equivalents	\$ 44,832,762	\$ -	\$ -
Cash and cash equivalents - restricted	337,490	58,902	11,779
Total cash and cash equivalents, end of year	\$ 45,170,252	\$ 58,902	\$ 11,779
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (28,745,261)	\$ (43,175)	\$ (56,205)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation	919,935	6,629	12,097
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Accounts receivable	(402,506)	-	-
Deferred outflows of resources - pension related items	278,639	-	-
Deferred outflows of resources - OPEB related items	5,362	-	-
Accounts payable and accrued expenses	326,648	782	6,686
Compensated absences	(74,655)	-	-
Amounts held for others - regional funds	4,746,850	-	-
Net pension asset	(2,039,416)	-	-
Net OPEB asset	3,975	-	-
Deferred inflows of resources - pension related items	286,484	-	-
Deferred inflows of resources - OPEB related items	(21,636)	-	-
Net cash provided by (used for) operating activities	\$ (24,715,581)	\$ (35,764)	\$ (37,422)

The Wilkins of Suffolk	Reggie's Place	Barrett House	Gabriel's Place	Inter- Company Eliminations	Total
\$ -	\$ -	\$ -	\$ -	-	\$ 28,228,137
(34,835)	(35,792)	(17,224)	(34,882)	-	(9,552,886)
-	-	-	-	-	(43,586,751)
<u>\$ (34,835)</u>	<u>\$ (35,792)</u>	<u>\$ (17,224)</u>	<u>\$ (34,882)</u>	<u>\$ -</u>	<u>\$ (24,911,500)</u>
\$ -	\$ -	\$ -	\$ -	-	\$ 33,433,856
30,272	28,772	38,003	42,816	-	985,947
<u>\$ 30,272</u>	<u>\$ 28,772</u>	<u>\$ 38,003</u>	<u>\$ 42,816</u>	<u>\$ -</u>	<u>\$ 34,419,803</u>
\$ (19,973)	\$ (1,992)	\$ (17,740)	\$ (19,263)	-	\$ (1,314,516)
-	-	-	-	-	(74,262)
-	-	-	-	-	(270,179)
-	-	-	-	-	(236,734)
<u>\$ (19,973)</u>	<u>\$ (1,992)</u>	<u>\$ (17,740)</u>	<u>\$ (19,263)</u>	<u>\$ -</u>	<u>\$ (1,895,691)</u>
\$ 4	\$ 2	\$ 2	\$ 3	-	\$ 138,538
\$ (24,532)	\$ (9,010)	\$ 3,041	\$ (11,326)	-	\$ 7,751,150
50,024	24,781	13,064	34,026	-	37,569,851
<u>\$ 25,492</u>	<u>\$ 15,771</u>	<u>\$ 16,105</u>	<u>\$ 22,700</u>	<u>\$ -</u>	<u>\$ 45,321,001</u>
\$ -	\$ -	\$ -	\$ -	-	\$ 44,832,762
25,492	15,771	16,105	22,700	-	488,239
<u>\$ 25,492</u>	<u>\$ 15,771</u>	<u>\$ 16,105</u>	<u>\$ 22,700</u>	<u>\$ -</u>	<u>\$ 45,321,001</u>
\$ (62,219)	\$ (41,322)	\$ (41,303)	\$ (52,742)	-	\$ (29,042,227)
8,685	13,044	12,682	16,972	-	990,044
-	-	-	-	-	(402,506)
-	-	-	-	-	278,639
-	-	-	-	-	5,362
18,699	(7,514)	11,397	888	-	357,586
-	-	-	-	-	(74,655)
-	-	-	-	-	4,746,850
-	-	-	-	-	(2,039,416)
-	-	-	-	-	3,975
-	-	-	-	-	286,484
-	-	-	-	-	(21,636)
<u>\$ (34,835)</u>	<u>\$ (35,792)</u>	<u>\$ (17,224)</u>	<u>\$ (34,882)</u>	<u>\$ -</u>	<u>\$ (24,911,500)</u>

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- 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
Western Tidewater Community Services Board
Suffolk, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities and the aggregate remaining fund information of Western Tidewater Community Services Board's, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Western Tidewater Community Services Board's basic financial statements and have issued our report thereon dated May 8, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Tidewater Community Services Board'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 Western Tidewater Community Services Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Western Tidewater Community Services Board'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 Western Tidewater Community Services Board'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

Charlottesville, Virginia

May 8, 2025



**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
Western Tidewater Community Services Board
Suffolk, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Western Tidewater Community Services Board'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 Western Tidewater Community Services Board's major federal programs for the year ended June 30, 2024. Western Tidewater Community 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, Western Tidewater Community 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Western Tidewater Community Services 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 Western Tidewater Community Services 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 Western Tidewater Community 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 Western Tidewater Community Services 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 Western Tidewater Community Services 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 Western Tidewater Community Services 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 Western Tidewater Community Services 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 Western Tidewater Community 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.

Report on Internal Control over Compliance (Continued)

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

Charlottesville, Virginia

May 8, 2025

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WESTERN TIDEWATER COMMUNITY SERVICES BOARD

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identification Number	Federal Expenditures
<u>Department of Agriculture</u> Pass-Through Payments: Virginia Department of Agriculture Child and Adult Care Food Program	10.558	Not available	\$ 9,105
<u>Department of Veterans Affairs</u> Direct Payments: Vocational and Educational Counseling for Service Members and Veterans Veterans Medical Care Benefits Total Department of Veterans Affairs	64.125 64.009	Not applicable Not applicable	\$ 125,000 473,089 598,089
<u>Department of Treasury</u> Pass-Through Payments: Virginia Department of Behavioral Health and Developmental Services: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available	\$ 1,126,306
<u>Department of Health and Human Services</u> Pass-Through Payments: Virginia Department of Behavioral Health and Disability Services Substance Abuse and Mental Health Services - Projects of Regional and National Significance Opioid STR Block Grants for Community Mental Health Services Block Grants for Prevention and Treatment of Substance Abuse Total Department of Health and Human Services Total expenditures of federal awards	93.243 93.788 93.958 93.959	2B08T1010053 5H79T1080220 2B09SM010053 6H79SM062897-02	\$ 6,387 369,799 833,613 862,874 2,072,673 3,806,173

Notes to the Schedule of Expenditure of Federal Awards

Note A - Basis of Accounting

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant award of Western Tidewater Community Services Board under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Western Tidewater Community Services Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of Western Tidewater Community Services 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 entity identifying numbers are presented where available.

Note C - Subrecipients

No awards were passed through to subrecipients.

Note D - De Minimis Cost Rate

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

Note E - Loan Balances

The Board has no loan guarantees which are subject to reporting requirements for the current year.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of 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)?	No

Identification of major programs:

Assistance

<u>Listing #</u>	<u>Name of Federal Program or Cluster</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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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 and questioned costs to report.

WESTERN TIDEWATER COMMUNITY SERVICES BOARD

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024**

There were no findings reported for the year ended June 30, 2023.

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