

HARRISONBURG-ROCKINGHAM
COMMUNITY SERVICES BOARD



**HARRISONBURG-ROCKINGHAM
COMMUNITY SERVICES BOARD**

FINANCIAL REPORT

June 30, 2021



HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

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INTRODUCTORY SECTION

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2021

BOARD OF DIRECTORS

Ms. Deborah Bullis, Chair

J. M. Monger, Vice-Chair

Carrie Budd, Secretary

Cheryl Mast, Treasurer

Dr. John Kidd

Dr. Abdelrahman Rabie

Annette Sprinkel

Dr. Philip Wishon

Seth Stauffer

Tena Painter

Sheriff Bryan Hutcheson

Judy Bland

PRINCIPAL MANAGEMENT TEAM

Ellen Harrison

Executive Director

Barbara Brady

Administrative Services Director

Rebekah Brubaker

Behavioral Health Services Director

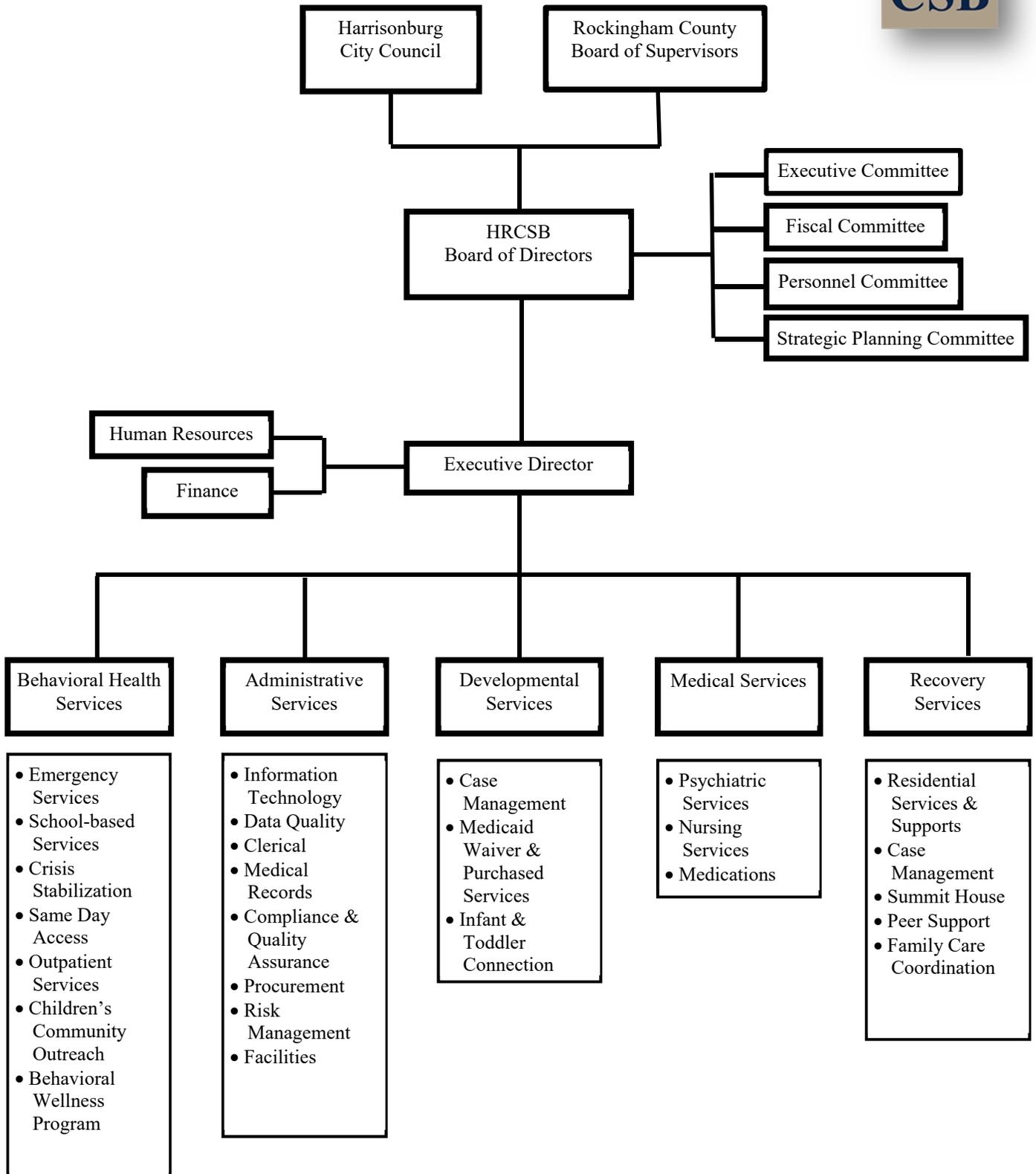
John Malone

Developmental Services Director

Adam Yoder

Community Recovery Services
Director

Organizational



HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

ORGANIZATIONAL INFORMATION

MISSION STATEMENT

The Harrisonburg-Rockingham Community Services Board provides services that promote dignity, choice, recovery, and the highest possible level of participation in work, relationships, and all aspects of community life for individuals and their families whose lives are affected by behavioral health or developmental disorders.

Adopted by the CSB Board of Directors on September 8, 2009

MAJOR PROGRAMS

Harrisonburg-Rockingham Community Services Board provides community-based mental health, intellectual disabilities, and substance abuse programs, including:

24-Hour Emergency Services
Adult Services
Children & Family Services
Infant Services

Programs are licensed by the Virginia Department of Behavioral Health and Developmental Services. Services may have eligibility requirements.

FACILITIES

1241 North Main Street, Harrisonburg – Adult & Children’s Services and Administration
1353 North Main Street, Harrisonburg – Crisis Stabilization Program
463 East Washington Street, Harrisonburg – Developmental Services
1888 Pear Street, Harrisonburg – Clubhouse Program
477 East Market Street, Harrisonburg – Residential Program
1241 Harmony Drive, Harrisonburg – Residential Program
1710 Park Road, Harrisonburg – Residential Program

CONTACT INFORMATION

You may contact the Harrisonburg-Rockingham Community Services Board by:

Telephone: (540) 434-1941
TDD: (540) 434-1941
Fax: (540) 434-1791
Web Page: www.hrscsb.org
Mail: 1241 North Main Street
Harrisonburg, VA 22802

FINANCIAL SECTION

**The Financial Section contains
the Basic Financial Statements.**



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Harrisonburg-Rockingham Community Services Board
Harrisonburg, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Harrisonburg-Rockingham Community Services Board (the "Board"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board, as of June 30, 2021, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Board's 2020 financial statements, on which, in our report dated January 28, 2022, we expressed an unmodified opinion. The 2020 financial information is provided for comparative purposes only. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The introductory section and combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditure of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022 on our consideration of the 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 the 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 the Board's internal control over financial reporting and compliance.

Brown, Edwards & Company, S. L. P.
CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
January 28, 2022

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Harrisonburg-Rockingham Community Services Board's (the "Board") activities and financial performance provides the reader with an introduction and overview to the Board's financial statements for the fiscal year ended June 30, 2021.

Following this MD&A are the basic financial statements of the Board, together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements. The Rockingham-Harrisonburg Halfway House Corporation is considered to be a component unit for inclusion in the Board's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. Since the Board is engaged only in business-type activities, its basic financial statements are comprised of only two components: 1) enterprise fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The enterprise funds of the Board consist of the Harrisonburg-Rockingham CSB and the Rockingham-Harrisonburg Halfway House, Inc.

Enterprise fund financial statements. The enterprise fund financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on the Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as one indicator of the trending financial position of the Board.

The Statement of Revenues, Expenses and Changes in Fund Net Position presents information showing how the Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in a future fiscal period (e.g., earned but unused staff vacation leave).

The basic enterprise fund financial statements can be found on pages 5 through 8 of this report.

Notes to financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 9 through 40 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Board's progress in funding its obligation to provide other postemployment benefits (OPEB) for its employees, changes in net pension liability, pension contributions, and changes to pension benefit terms and assumptions. Required supplementary information can be found on pages 42 through 47 of this report.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

2021 FINANCIAL HIGHLIGHTS

The Board's financial statements are reported on the full accrual basis as required by generally accepted accounting principles. On this basis, the Board reported revenues of \$20,735,897 and expenditures of \$14,283,513, producing a net gain of \$6,452,384 for the year.

The Board's net position totaled \$23,117,078 which \$10,039,672 is available to spend at the discretion of the agency's Board of Directors in support of the Board's mission. All operations are supported through current financial resources.

Financial Position: A summary of the Harrisonburg-Rockingham CSB's Statement of Net Position, including all programs and operations, for 2021 and 2020 is presented below:

Condensed Statement of Net Position		
	2021	2020
ASSETS		
Current assets	\$ 15,332,308	\$ 13,569,703
Noncurrent assets	16,215,740	8,737,384
Total assets	\$ 31,548,048	\$ 22,307,087
DEFERRED OUTFLOWS OF RESOURCES		
Total deferred outflows of resources	\$ 1,504,054	\$ 1,241,765
LIABILITIES		
Current liabilities	\$ 5,886,491	\$ 3,994,390
Long-term liabilities	3,989,717	2,552,776
Total liabilities	\$ 9,876,208	\$ 6,547,166
DEFERRED INFLOWS OF RESOURCES		
Total deferred inflows of resources	\$ 58,816	\$ 336,992
NET POSITION		
Net investment in capital assets	\$ 13,077,406	\$ 7,829,394
Unrestricted	10,039,672	8,835,300
Total net position	\$ 23,117,078	\$ 16,664,694

In 2021, the net value of the Board's current assets increased \$1,762,602 or 13%, primarily from unspent funding balances.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

2021 FINANCIAL HIGHLIGHTS (Continued)

The Board's cash and cash equivalents increased by \$1,937,753 or 20%, to \$11,629,771. This increase is attributed to unspent unrestricted state funds. This balance consisted of the following:

Board required cash reserves	\$ 6,963,908
Unrestricted cash	347,117
Halfway House	1,321,807
State restricted deferred revenue	2,764,933
Federal restricted deferred revenue	<u>232,006</u>
Total cash balance	\$ <u>11,629,771</u>

The net value of the Board's capital assets increased \$8,386,346 or 96.0%. Net capital assets were \$16,215,740 at the end of FY21. The most significant cause of this increase were costs associated with the new building construction. Additions to construction in progress consisted of \$8,506,311.

Deferred outflows of resources consist of contributions made to VRS during the fiscal year, subsequent to the measurement date for pensions, and other pension-related deferred outflows transactions. In addition, deferred outflows related to other postemployment benefits was added to this year's financial statements to reflect the contributions and other OPEB-related transactions required by GASB No. 75. Deferred outflows increased \$262,289 or 21.1% over 2020. This is due to the fluctuations in the financial market influencing the assumptions that are used to determine expected costs. Of the decrease, \$248,502 was attributable to pension while \$13,787 was OPEB.

Current liabilities increased \$1,892,101 or 47.4% over 2020. The Board recorded increases in accounts payable and retainage payable due to being in the latter stages of the construction project. The Board's unearned revenue increased due to state funding balances for the proportion allocated to cover program expenses and unspent restricted/earmarked funds.

Deferred inflows of resources decreased \$278,176, of which \$258,106 is attributable to pension, while other postemployment benefits decreased \$20,070.

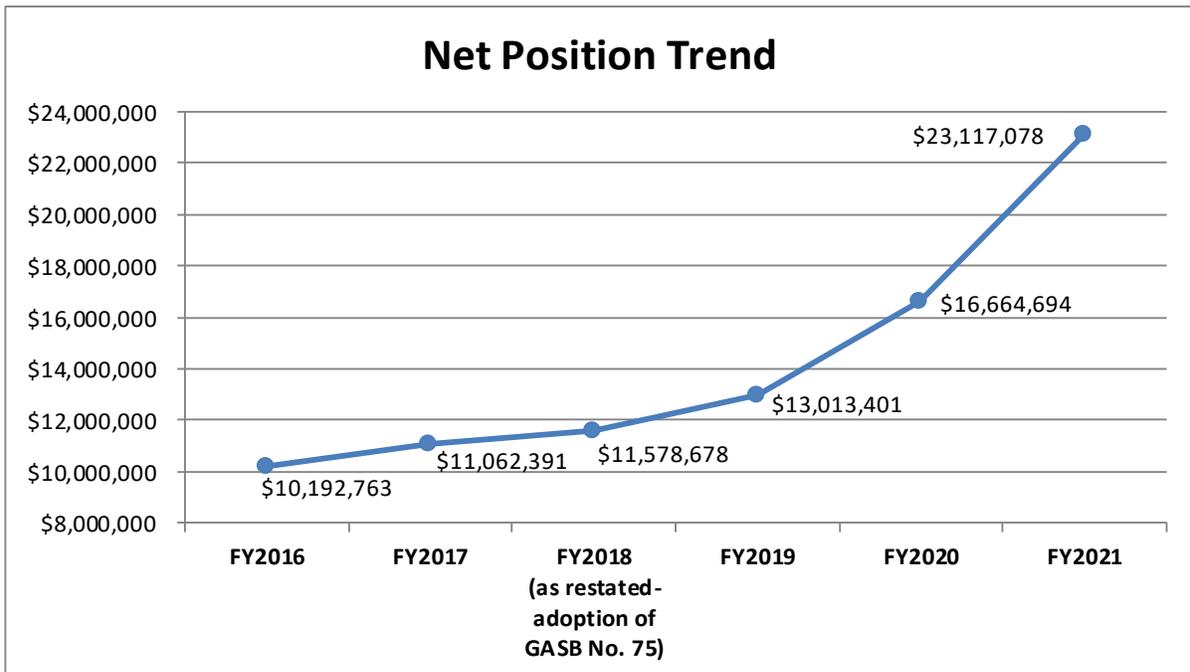
Long-term liabilities increased \$1,436,941 or 56.3% over FY20. This primarily represents the amount of the bonds issued by the City and County that the Board is responsible for paying. The Board is indebted to the City and County for one-third of each of their debt issuances. During FY21, this amount increased \$1,530,744 while net pension liability and OPEB liability increased \$26,177 and \$56,687, respectively.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

2021 FINANCIAL HIGHLIGHTS (Continued)

The Board’s 2019 beginning net position was restated to reflect the adoption of GASB No. 75, which impacted the ending net position. However, the prior years is not restated because the OPEB information is not readily available. A multi-year historical compilation of year-end total net position indicates the Board’s overall financial condition has tracked a positive trend line.



Overall, the financial position of the Harrisonburg-Rockingham CSB remains strong, as evidenced by continuing strong liquidity.

Change in Net Position: A summary of the Harrisonburg-Rockingham CSB’s Statement of Revenues, Expenses, and Changes in Fund Net Position including all programs and operations, for 2021 and 2020 is presented below:

Condensed Statement of Revenues, Expenses, & Changes in Fund Net Position

	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 5,888,013	\$ 5,968,704
Operating expenses	<u>14,126,805</u>	<u>14,139,764</u>
Operating loss	\$ <u>(8,238,792)</u>	\$ <u>(8,171,060)</u>
Nonoperating revenue (expenses)	\$ <u>14,691,176</u>	\$ <u>11,822,353</u>
Change in net position	\$ <u><u>6,452,384</u></u>	\$ <u><u>3,651,293</u></u>

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

2021 FINANCIAL HIGHLIGHTS (Continued)

Operating revenues are defined as the amount of revenue received from providing client services. During 2021, operating revenues decreased \$80,691 or 1.4% in comparison with 2020. This was attributable to the decrease in billable client services due to the continued presence of COVID in our community.

Operating expenses are comprised of the direct expenses of operating the Board. These include salaries, benefits, occupancy costs, contractual and professional services provided by others, and depreciation and amortization. The Board's most significant operating expenses consist of salary and benefits. During 2021, operating expenses decreased \$12,959 or .01% from 2020. There were several new positions added for STEP-VA as well as positions funded by new funding sources via DBHDS. These new positions were partially offset by several positions which remained unfilled (26% vacancy rate over FY2021) for extended periods of time, while others were covered with new funding sources. Contractual and professional services are higher due to greater demand for purchased services, including developmental disability services, speech and occupational therapy, substance abuse medication therapy, and interpreter services for infant and toddlers.

Non-operating revenues are comprised of governmental funds, interest income, and other miscellaneous income. The majority of the governmental funds come from the Commonwealth of Virginia through the Virginia Department of Behavioral Health and Developmental Services. Governmental funding is also received from the federal government, the City of Harrisonburg, and Rockingham County. Grant funding for substance abuse prevention and treatment was received during the year resulting in increased Purchased Service expense. In addition, capital contributions of \$5,579,784 were received from the City and County (combined) for fees associated with the new campus. This represents the amount of proceeds from debt issuance that they have agreed to pay as their contribution to the project. Interest income totaled \$7,206 in 2021, reflecting lower interest rates paid on Operating fund account. Unfortunately, due to the COVID-19 Pandemic, these interest rates have been further reduced and interest income will remain low in the coming year. Non-operating expense is typically comprised of interest expense incurred on debt. As part of the agreement with the City and County for the funding of the new building, the Board is responsible for one-third of each of their required payments resulting in interest expense of \$156,708.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

2021 FINANCIAL HIGHLIGHTS (Continued)

Cash Flows: A summary of the Harrisonburg-Rockingham CSB's Statement of Cash Flows, including all programs and operations, for 2021 and 2020 is presented below:

Condensed Statement of Cash Flows		
	2021	2020
Operating activities	\$ (6,262,421)	\$ (9,678,279)
Non-capital financing activities	9,850,997	9,490,065
Capital and related financial activities	(1,658,029)	51,209
Investing activities	7,206	65,393
Net increase (decrease) in cash and cash equivalents	\$ 1,937,753	\$ (71,612)
Beginning at July 1	\$ 9,842,448	\$ 9,914,060
Ending at June 30	\$ 11,780,201	\$ 9,842,448

Cash flows from operating activities include cash received for services less payments made to suppliers and employees. The operating loss recorded on the Statement of Revenues, Expenses and Changes in Fund Net Position is reconciled to net cash used in operating activities through adjustments for depreciation and amortization, pension expense net of employer contributions, other postemployment expense net of employer contributions, and changes in current assets and liabilities. Please see the Statement of Cash Flows for a full listing of those transactions.

Cash flows from non-capital financing activities include cash received from state, federal, and local governments and other miscellaneous sources. Cash flows from capital and related financing activities are comprised of the acquisition and sale of fixed assets, plus principal and interest payments associated with debt. Cash flows from investing activities are comprised of interest received.

DEBT

Harrisonburg-Rockingham CSB currently has no long-term debt.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide local citizens, our clients and their families, and all taxpayers with a general overview of the Board's finances. Questions regarding this report or requests for additional financial information should be made to Stephanie S. Laos, Controller, 1241 North Main Street, Harrisonburg, VA 22802; telephone (540) 434-1941.

BASIC FINANCIAL STATEMENTS

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

STATEMENT OF NET POSITION
June 30, 2021

	2021	(For Comparative Purposes Only) 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$ 11,629,771	\$ 9,689,687
Accounts receivable, net (Note 3)	852,739	857,821
Miscellaneous accounts receivable	120,858	146,604
Due from other governments (Note 4)	2,483,033	2,586,484
Prepaid expenses	95,477	136,346
Cash and cash equivalents, restricted for representative payee beneficiaries (Note 2)	150,430	152,761
Total current assets	<u>\$ 15,332,308</u>	<u>\$ 13,569,703</u>
NONCURRENT ASSETS		
Net pension asset (Note 9)	\$ -	\$ 907,990
Capital assets, net (Note 5)	16,215,740	7,829,394
Total noncurrent assets	<u>\$ 16,215,740</u>	<u>\$ 8,737,384</u>
Total assets	<u>\$ 31,548,048</u>	<u>\$ 22,307,087</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions (Note 9)	\$ 1,237,087	\$ 988,585
Deferred outflows related to other postemployment benefits (Note 12)	266,967	253,180
Total deferred outflows of resources	<u>\$ 1,504,054</u>	<u>\$ 1,241,765</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and other current liabilities	\$ 1,436,234	\$ 450,684
Accrued payroll and related liabilities	611,257	505,604
Accrued interest	38,643	40,779
Due to other governments (Note 13)	176,667	-
Amounts held for representative payee beneficiaries, payable from restricted assets	150,430	152,761
Unearned revenues (Note 7)	3,001,804	2,437,447
Compensated absences	471,456	407,115
Total current liabilities	<u>\$ 5,886,491</u>	<u>\$ 3,994,390</u>
LONG-TERM LIABILITIES		
Due to other governments (Note 13)	\$ 2,961,667	\$ 1,607,590
Net pension liability (Note 9)	26,177	-
Other postemployment benefits liability (Note 12)	1,001,873	945,186
Total long-term liabilities	<u>\$ 3,989,717</u>	<u>\$ 2,552,776</u>
Total liabilities	<u>\$ 9,876,208</u>	<u>\$ 6,547,166</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions (Note 9)	\$ 33,845	\$ 291,951
Deferred inflows related to other postemployment benefits (Note 12)	24,971	45,041
Total deferred inflows of resources	<u>\$ 58,816</u>	<u>\$ 336,992</u>
NET POSITION		
Net investment in capital assets	\$ 13,077,406	\$ 7,829,394
Unrestricted	10,039,672	8,835,300
Total net position	<u>\$ 23,117,078</u>	<u>\$ 16,664,694</u>

The Notes to Financial Statements are an integral part of these statements.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2021

	2021	(For Comparative Purposes Only) 2020
OPERATING REVENUES		
Net client service revenue (Note 14)	\$ 5,888,013	\$ 5,968,704
OPERATING EXPENSES		
Salaries	\$ 9,242,092	\$ 8,558,285
Benefits	2,497,126	2,231,063
Facility, equipment, and vehicle	261,519	366,808
Contractual and professional services	1,125,569	1,358,918
Depreciation and amortization	223,365	233,614
Other	777,134	1,391,076
Total operating expenses	\$ 14,126,805	\$ 14,139,764
Operating loss	\$ (8,238,792)	\$ (8,171,060)
NONOPERATING REVENUES (EXPENSES)		
Commonwealth of Virginia grants	\$ 5,772,874	\$ 5,419,936
Federal grants	868,500	1,034,616
Contributions from participating local governments (Note 15)	1,904,028	1,855,938
Interest income	7,206	65,393
Interest expense	(156,708)	(145,331)
Other income	715,492	784,542
Net nonoperating revenues	\$ 9,111,392	\$ 9,015,094
Income before capital contributions	\$ 872,600	\$ 844,034
Capital contributions from participating local governments (Note 15)	5,579,784	2,807,259
Change in net position	\$ 6,452,384	\$ 3,651,293
NET POSITION AT JULY 1	16,664,694	13,013,401
NET POSITION AT JUNE 30	\$ 23,117,078	\$ 16,664,694

The Notes to Financial Statements are an integral part of these statements.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

	2021	(For Comparative Purposes Only) 2020
OPERATING ACTIVITIES		
Receipts from clients, private insurers, Medicaid, and others	\$ 5,893,095	\$ 6,194,143
Payments to suppliers	(1,140,132)	(2,852,833)
Payments to and for employees	(11,118,835)	(10,856,425)
Contributions from local governments	103,451	(2,163,164)
	\$ (6,262,421)	\$ (9,678,279)
NON-CAPITAL FINANCING ACTIVITIES		
Contributions from local, state, and federal governments	\$ 9,135,505	\$ 8,705,523
Other receipts	715,492	784,542
	\$ 9,850,997	\$ 9,490,065
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	\$ (8,609,711)	\$ (4,259,088)
Borrowed from local governments	1,530,742	1,607,590
Capital contributions from local governments	5,579,784	2,807,259
Interest paid on debt	(158,844)	(104,552)
	\$ (1,658,029)	\$ 51,209
INVESTING ACTIVITIES		
Interest received	\$ 7,206	\$ 65,393
	\$ 1,937,753	\$ (71,612)
CASH AND CASH EQUIVALENTS		
Beginning at July 1	\$ 9,842,448	\$ 9,914,060
Ending at June 30	\$ 11,780,201	\$ 9,842,448
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents	\$ 11,629,771	\$ 9,689,687
Cash and cash equivalents, restricted for representative payee beneficiaries	150,430	152,761
	\$ 11,780,201	\$ 9,842,448

The Notes to Financial Statements are an integral part of these statements.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**STATEMENT OF CASH FLOWS
Year Ended June 30, 2021**

	<u>2021</u>	<u>(For Comparative Purposes Only) 2020</u>
RECONCILIATION OF OPERATING LOSS TO NET		
CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (8,238,792)	\$ (8,171,060)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	223,365	233,614
Pension expense net of employer contributions	427,559	12,999
Other postemployment expense net of employer contributions	(33,857)	(150,217)
Decrease (increase) in:		
Accounts receivable, net	5,082	225,439
Prepaid expenses	40,869	(107,982)
Due from other governments	103,451	(2,163,164)
Increase (decrease) in:		
Accounts payable and other current liabilities	985,552	327,427
Accrued payroll and related liabilities	105,653	(91,818)
Compensated absences	64,341	2,363
Other post-employment benefits	56,687	159,596
Amounts held for representative payee beneficiaries, payable from restricted assets	(2,331)	44,524
	<u>(2,331)</u>	<u>44,524</u>
Net cash used in operating activities	<u>\$ (6,262,421)</u>	<u>\$ (9,678,279)</u>
SCHEDULE OF NON-CASH ACTIVITIES		
Capital asset additions financed by accounts payable	<u>\$ 1,386,996</u>	<u>\$ 204,965</u>

The Notes to Financial Statements are an integral part of these statements.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS June 30, 2021

Note 1. Summary of Significant Accounting Policies

Financial reporting entity

Harrisonburg-Rockingham Community Services Board (the "Board") is a jointly governed entity that operates as an agent for the City of Harrisonburg and the County of Rockingham in the establishment and operation of community behavioral health, developmental services, and substance abuse programs as provided for in Chapter 5 of Title 37.2 of the *Code of Virginia* (1950), relating to the Virginia Department of Behavioral Health and Developmental Services. In addition, the Board provides a system of community behavioral health, developmental services, and substance abuse services which relate to and are integrated with existing and planned programs. Substantially all of the entity's funding is from service fees, the Commonwealth of Virginia, the Federal Government, and the aforementioned localities.

The Board is not considered a component unit of the County of Rockingham, Virginia or the City of Harrisonburg, Virginia since neither of these entities has oversight responsibilities for the Board, nor is either entity legally obligated to fund any deficit of the Board.

Blended component unit

The Rockingham-Harrisonburg Halfway House, Inc. (the "Halfway House") is an affiliated organization whose primary purpose is to hold title to certain real property which is rented primarily to the Harrisonburg-Rockingham Community Services Board.

Although legally a separate entity, the Halfway House is, in substance, part of the Board's operations. Financial information from this unit is combined with the financial statements of the Board as a blended component unit. The Board and this entity are collectively referred to herein as the "Board."

Measurement focus and basis of accounting

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

The Board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Board's principal ongoing operations. The principal operating revenues of the Board are fees collected from clients and the related collections from the various third-party insurers including Medicaid. Operating expenses consist of the direct and indirect costs of fulfilling the programs of the Board. All other revenues and expenses are reported as nonoperating revenues and expenses.

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, and deferred inflows/outflows, as well as the reported revenues and expenses. Actual results could differ from those estimates.

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

Cash and cash equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Valuation of receivables

Receivables are reported net of the estimated allowance for uncollectible accounts. Management estimates this allowance using historical collection data and the aging of accounts receivable.

Net client service revenue

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

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 varies 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 of charges to individual clients. Because the Board does not pursue the collection of amounts determined to qualify for financial assistance, such amounts are not reported as revenue.

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets

Capital assets include property and equipment with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at date of donation. The costs of normal maintenance and repairs that do not materially add to the value of an asset or its life are expensed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	8-25 years
Buildings	20-40 years
Building improvements	5-25 years
Equipment	5-20 years
Vehicles	5 years
Software	3-5 years

Restricted assets

The Board segregates funds held on behalf of the representative payee beneficiaries.

Income taxes

The Rockingham-Harrisonburg Halfway House, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the *Internal Revenue Code*. Harrisonburg-Rockingham Community Services Board is exempt from such taxes as a governmental entity. Accordingly, the accompanying financial statements do not reflect a provision for income taxes.

Compensated absences

Employees are entitled to certain compensated absences based upon length of employment. Vacation and certain other compensated absences vest with the employee. A provision for these vested compensated absences has been recorded in the financial statements. Because the timing of the use of the benefit is not estimable, all of the liability has been classified as current.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Board's Retirement Plan and the additions to/deductions from the Board's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Other postemployment benefits (OPEB)

For purposes of measuring all financial statement elements related to OPEB plans, information about the fiduciary net position of the Board's Plans and the additions to/deductions from the Board's Plan's net fiduciary position have been determined on the same basis as they were reported by 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.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources for pensions and OPEB. This separate financial statement element represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then. The Board has the following items that qualify for reporting in this category:

- Differences between expected and actual experience for economic/demographic factors in the measurement of the total net pension or OPEB liability. This difference will be recognized in expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Changes in assumptions on pension plan or OPEB investments. This difference will be recognized in pension or OPEB expense over the remaining service life of the employees subject to the plan.
- Differences between projected and actual earnings on plan investments. This difference will be recognized in pension or OPEB expense over the closed five year period and may be reported as a deferred inflow or outflow as appropriate.
- Change in proportionate share between the measurement dates on the OPEB liability. This difference will be recognized in OPEB expense over the remaining service life of the employees subject to the plan.
- Contributions subsequent to the measurement date for pensions/OPEB; this will be applied to the net pension/OPEB liability in the next fiscal year.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Board has the following items that qualify for reporting in this category:

- Differences between expected and actual experience for economic/demographic factors in the measurement of the total net pension or OPEB liability. This difference will be recognized in expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources (continued)

- Changes in assumptions on OPEB investments. This difference will be recognized in OPEB expense over the remaining service life of the employees subject to the plan.

Comparative information

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 conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Board's financial statements for the prior year from which the summarized information was derived. Certain reclassifications may have been made to the prior year reported amounts to provide a more comparable presentation with the current year reporting presentation.

Note 2. Deposits and Investments

Deposits

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

Investments

Statutes authorize the Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit risk

At June 30, the Board's investments were all in the LGIP, which has been assigned a credit rating of AAAM by Standard & Poor's (S&P).

At June 30, 2021, the Board had no significant exposure to interest rate, foreign currency, or concentration of credit risks.

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2. Deposits and Investments (Continued)

The Board's deposits and investments consist of the following:

Deposits and investments:	
Cash on hand	\$ 1,200
Deposits	9,771,237
Local Government Investment Pool	<u>2,007,764</u>
Total	\$ <u>11,780,201</u>
Statement of net position:	
Cash and cash equivalents	\$ 11,629,771
Cash and cash equivalents, restricted for representative payee beneficiaries	<u>150,430</u>
Total	\$ <u>11,780,201</u>

Note 3. Accounts Receivable

Accounts receivable consist of the following:

Virginia Department of Medical Assistance Services (Medicaid)	\$ 566,710
Direct client	1,134,364
Third-party insurers	313,816
Other	<u>73,689</u>
Total	\$ <u>2,088,579</u>
Allowance for uncollectible accounts	\$ <u>(1,235,840)</u>
Total	\$ <u>852,739</u>

Note 4. Due From Other Governments

Amounts are due from other governments or governmental agencies for the reimbursement of expenditures and fees for services provided under various programs and grants, and consist of the following:

City of Harrisonburg, Virginia	\$ 1,348,700
Rockingham County, Virginia	<u>1,134,333</u>
Total	\$ <u>2,483,033</u>

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Capital Assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, nondepreciable				
Land	\$ 888,799	\$ -	\$ -	\$ 888,799
Construction in progress	<u>4,858,523</u>	<u>8,506,311</u>	<u>-</u>	<u>13,364,834</u>
Capital assets, nondepreciable	<u>\$ 5,747,322</u>	<u>\$ 8,506,311</u>	<u>\$ -</u>	<u>\$ 14,253,633</u>
Capital assets, depreciable				
Land improvements	\$ 312,615	\$ -	\$ -	\$ 312,615
Buildings	2,786,871	-	-	2,786,871
Building improvements	1,892,296	6,350	-	1,898,646
Equipment	422,422	42,470	-	464,892
Vehicles	434,228	-	-	434,228
Software	<u>311,312</u>	<u>54,580</u>	<u>-</u>	<u>365,892</u>
Capital assets, depreciable	\$ 6,159,744	\$ 103,400	\$ -	\$ 6,263,144
Less accumulated depreciation	<u>\$ (4,077,672)</u>	<u>\$ (223,365)</u>	<u>\$ -</u>	<u>\$ (4,301,037)</u>
Capital assets, depreciable, net	<u>\$ 2,082,072</u>	<u>\$ (119,965)</u>	<u>\$ -</u>	<u>\$ 1,962,107</u>
Capital assets, net	<u>\$ 7,829,394</u>	<u>\$ 8,386,346</u>	<u>\$ -</u>	<u>\$ 16,215,740</u>

Note 6. Line of Credit

The Board maintained a \$300,000 unsecured guidance line of credit with Truist Bank. Borrowings under the line of credit accrued interest at a variable rate (30 day LIBOR plus 1.50%; reset monthly). The line of credit was closed in March 2021.

Note 7. Unearned Revenues

Unearned revenues consist of the following:

Unspent state and federal funds	\$ 2,996,939
Unspent other funds	<u>4,865</u>
Total	<u>\$ 3,001,804</u>

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 8. Lease Commitments

The Board leases several facilities from the Halfway House. All lease agreements expire annually on June 30th. Rental expense for 2021 totaled \$160,000, all of which are intercompany amounts and eliminated in the accompanying financial statements.

Other leases:

At year end, the Board had contracts for nine operating leases with non-cancellable lease terms. These equipment leases were for copiers and a postage meter with asset lives of four years or less. The future minimum rental payments are shown below:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 27,493
2023	25,055
2024	24,439
2025	22,441
2026	839
Total	<u>\$ 100,267</u>

Note 9. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of Harrisonburg-Rockingham Community Services Board (the "Political Subdivision") are automatically covered by VRS Retirement Plan upon employment. This plan is 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.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 9. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Members</u>
Inactive members or their beneficiaries currently receiving benefits	80
Inactive members:	
Vested inactive members	45
Non-vested inactive members	41
LTD	-
Inactive members active elsewhere in VRS	61
Total inactive members	147
Active members	149
Total covered employees	<u>376</u>

Contributions

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2021 was 2.75% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$211,215 and \$323,520 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability 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 political subdivisions, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 9. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 9. Defined Benefit 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:

<u>Asset Class (Strategy)</u>	<u>Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP - Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
	Inflation	2.50 %	
	*Expected arithmetic nominal return	7.14 %	

* The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 9. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever is greater. From July 1, 2020 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)

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (Asset) (a) - (b)</u>
Balances at June 30, 2019	\$ 21,373,420	\$ 22,281,410	\$ (907,990)
Changes for the year:			
Service cost	\$ 599,826	\$ -	\$ 599,826
Interest	1,408,538	-	1,408,538
Differences between expected and actual experience	(14,963)	-	(14,963)
Contributions – employer	-	323,520	(323,520)
Contributions – employee	-	326,587	(326,587)
Net investment income	-	424,120	(424,120)
Benefit payments, including refunds of employee contributions	(1,012,395)	(1,012,395)	-
Administrative expenses	-	(14,490)	14,490
Other changes	-	(503)	503
Net changes	<u>\$ 981,006</u>	<u>\$ 46,839</u>	<u>\$ 934,167</u>
Balances at June 30, 2020	<u>\$ 22,354,426</u>	<u>\$ 22,328,249</u>	<u>\$ 26,177</u>

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 9. Defined Benefit Pension Plan (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability (asset)	<u>\$ 2,931,345</u>	<u>\$ 26,177</u>	<u>\$ (2,371,698)</u>

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

For the year ended June 30, 2021, the political subdivision recognized pension expense of \$588,432. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,177	\$ 33,845
Changes of assumptions	257,168	-
Net difference between projected and actual earnings on pension plan investments	670,527	-
Employer contributions subsequent to the measurement date	<u>211,215</u>	<u>-</u>
Total	<u>\$ 1,237,087</u>	<u>\$ 33,845</u>

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 9. Defined Benefit Pension Plan (Continued)

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

The \$211,215 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Increase to</u> <u>Pension Expense</u>
2022	\$ 254,378
2023	299,917
2024	224,302
2025	213,430
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2021, approximately \$47,610 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

Note 10. Other Postemployment Benefits Liability – Local Plan

Plan Description

Employees who retire from employment from the Board and are not yet eligible for Medicare may elect to continue participation in the Board's group health insurance plan. Health benefits include medical coverage only. Optional dental and vision coverage may be purchased separately. Coverage is for the retiree only. Dependents and spouses of retirees may continue medical coverage through COBRA only. Retirees contribute 100% of the premium cost for retiree coverage.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Other Postemployment Benefits Liability – Local Plan (Continued)

Plan Description (Continued)

Participants must meet eligibility requirements based on service earned with the Board and prior service earned through other Virginia agencies to be eligible to receive benefits upon retirement. Participants who do not retire directly from active service are eligible for the health benefit through COBRA only.

Participants must retire from the Board with at least 5 years of continuous service with the Board and have participated in the group health insurance plan for the last 5 years of employment. Active employees must meet the VRS minimum retirement requirements to be eligible for a medical benefit upon retirement.

Funding Policy

The annual contribution requirements of plan members and the Board are determined annually by the Board. The Board has chosen to fund healthcare benefits on a pay-as-you-go basis.

Benefits Provided

Retiree health benefits include medical coverage only. Optional dental and optional vision coverage may be purchased separately. Retirees under the age of 65 are eligible to choose the Anthem BCBS (PPO) medical option, and coverage ends upon the earlier of the retiree's age 65 or the retiree's death. If the retiree dies prior to age 65, their dependents may continue medical coverage through COBRA.

Employees Covered by Benefit Terms

As of the January 1, 2020 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<u>Members</u>
Inactive employees or beneficiaries:	
Currently receiving benefits	3
Entitled to but not yet receiving benefits	-
Total inactive members	<u>3</u>
Active plan members	<u>150</u>
Total covered employees	<u><u>153</u></u>

Total OPEB Liability

The Board's total OPEB liability of \$357,156 was measured as of June 30, 2021 and was determined based on an actuarial valuation performed as of January 1, 2020.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Other Postemployment Benefits Liability – Local Plan (Continued)

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Healthcare cost trend rates	2.00 - 5.70%
Retiree's share of benefit-related costs	\$570.20

Mortality rates: Pre-Retirement Mortality Rates: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related.

Post-Retirement Mortality Rates: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement Mortality Rates: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from January 1, 2012 through June 30, 2016.

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 338,952
Changes for the year:	
Service cost	\$ 33,891
Interest	7,967
Assumption or other input changes	1,191
Benefit payments	<u>(24,845)</u>
Net changes	\$ 18,204
Balances at June 30, 2021	<u>\$ 357,156</u>

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 10. Other Postemployment Benefits Liability – Local Plan (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Board, as well as what the Board’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	1.00% Decrease (1.16%)	Current Discount Rate (2.16%)	1.00% Increase (3.16%)
Total OPEB Liability	<u>\$ 380,983</u>	<u>\$ 357,156</u>	<u>\$ 333,603</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Board, as well as what the Board’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates of 2.00-5.70%:

	1.00% Decrease	Current Discount Rate	1.00% Increase
Total OPEB Liability	<u>\$ 307,338</u>	<u>\$ 357,156</u>	<u>\$ 417,073</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Board recognized OPEB expense of \$57,136. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,811	\$ -
Changes of assumptions	<u>41,847</u>	<u>1,961</u>
Total	<u>\$ 74,658</u>	<u>\$ 1,961</u>

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Other Postemployment Benefits Liability – Local Plan (Continued)

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

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Increase to Pension Expense</u>
2022	\$ 15,278
2023	15,278
2024	15,098
2025	15,022
2025	12,021
Thereafter	-

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Board also participates in various cost-sharing and agent multi-employer other postemployment benefit plans, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Plan Descriptions (Continued)

General Employee Health Insurance Credit Program

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than Teachers. This plan is considered a multi-employer agent plan that members earn one month of service credit towards the benefit for each month they are employed. The health insurance credit 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 premiums and ends upon the retiree's death.

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

	<u>Members</u>
Inactive members or their beneficiaries currently receiving benefits	36
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	36
Active members	149
Total covered employees	<u>185</u>

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2021 Contribution	\$ 41,364
June 30, 2020 Contribution	\$ 38,057

General Employee Health Insurance Credit Program

Governed by:	<i>Code of Virginia</i> 51.1-1402(E) and may be impacted as a result of funding provided to governmental agencies by the Virginia General Assembly.
Total rate:	0.20% of covered employee compensation.
June 30, 2021 Contribution	\$9,945
June 30, 2020 Contribution	\$11,543

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

The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the net OPEB liabilities were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

Group Life Insurance Program

June 30, 2021 proportionate share of liability	\$593,438
June 30, 2020 proportion	0.03556 %
June 30, 2019 proportion	0.03444 %
June 30, 2021 expense	\$35,577

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

General Employee Health Insurance Credit Program

Changes in net OPEB liability of the General Employee Health Insurance Credit Program were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2019	\$ 252,437	\$ 206,633	\$ 45,804
Changes for the year:			
Service cost	\$ 6,756	\$ -	\$ 6,756
Interest	16,435	-	16,435
Changes of assumptions	-	-	-
Differences between expected and actual experience	(2,472)	-	(2,472)
Contributions – employer	-	11,543	(11,543)
Contributions – employee	-	-	-
Net investment income	-	4,092	(4,092)
Benefit payments, including refunds of employee contributions	(17,915)	(17,915)	-
Administrative expenses	-	(389)	389
Other changes	-	(2)	2
Net changes	\$ 2,804	\$ (2,671)	\$ 5,475
Balances at June 30, 2020	\$ 255,241	\$ 203,962	\$ 51,279

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

In addition, for the year ended June 30, 2021, the Board recognized OPEB expense of \$10,219 related to the General Employee Health Insurance Credit Program.

At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 38,064	\$ 5,330
Changes of assumptions	29,679	12,391
Net difference between projected and actual earnings on OPEB plan investments	17,826	-
Changes in proportion	42,903	-
Employer contributions subsequent to the measurement date	<u>41,364</u>	<u>-</u>
Total	<u><u>\$ 169,836</u></u>	<u><u>\$ 17,721</u></u>

General Employee Health Insurance Credit Program

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,772	\$ 3,587
Changes of assumptions	3,971	1,702
Net difference between projected and actual earnings on OPEB plan investments	6,785	-
Employer contributions subsequent to the measurement date	<u>9,945</u>	<u>-</u>
Total	<u><u>\$ 22,473</u></u>	<u><u>\$ 5,289</u></u>

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

The deferred outflows of resources related to OPEB resulting from the Board’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ended June 30,	Increase to OPEB Expense
2022	\$ 21,885
2023	26,919
2024	28,919
2025	24,349
2026	7,710
Thereafter	969

General Employee Health Insurance Credit Program

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2022	\$ 359
2023	1,845
2024	2,245
2025	2,580
2026	384
Thereafter	(174)

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI & HIC: 6.75%

- * Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 9.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Net OPEB Liabilities

The net OPEB liabilities represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, net OPEB liability amounts for the VRS OPEB program is as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 3,523,937
Plan fiduciary net positions	<u>1,855,102</u>
Employers' net OPEB liability (asset)	<u>\$ 1,668,835</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>52.64%</u>

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

Long-Term Expected Rate of Return

Group Life Insurance and Health Insurance Credit Programs

The long-term expected rate of return on VRS 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 OPEB 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:

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return (Continued)

<u>Asset Class (Strategy)</u>	<u>Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP - Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
	Inflation	2.50 %	
	*Expected arithmetic nominal return	7.14 %	

- * The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 11. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Discount Rate

The discount rate used to measure the GLI and HIC OPEB liabilities 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 Guidance 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. Through the fiscal year ending June 30, 2020, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	<u>1.00% Decrease</u>	<u>Current Discount Rate</u>	<u>1.00% Increase</u>
GLI Net OPEB liability	<u>\$ 780,120</u>	<u>\$ 593,438</u>	<u>\$ 441,835</u>
General Employee HIC Net OPEB Liability	<u>\$ 77,005</u>	<u>\$ 51,279</u>	<u>\$ 29,339</u>

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2021, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

Group Life Insurance	\$ 8,916
Employee Health Insurance Credit	866

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 12. Summary of Other Postemployment Benefit Elements

A summary of other postemployment benefit (“OPEB”) related financial statement elements is as follows:

Deferred outflows of resources - OPEB

Difference between expected and actual experience

Local Plan	\$ 32,811
VRS-Group Life Insurance	38,064
VRS-Health Insurance Credit	1,772

Change in assumption

Local Plan	41,847
VRS-Group Life Insurance	29,679
VRS-Health Insurance Credit	3,971

Net difference between projected and actual earnings

VRS-Group Life Insurance	17,826
VRS-Health Insurance Credit	6,785

Changes in proportion

VRS-Group Life Insurance	42,903
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Employer contributions subsequent to the measurement date

VRS-Group Life Insurance	41,364
VRS-Health Insurance Credit	9,945

Total deferred outflow of resources - OPEB	\$ <u>266,967</u>
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Net OPEB liability

Local Plan	\$ 357,156
VRS-Group Life Insurance	593,438
VRS-Health Insurance Credit	51,279

Total net OPEB liability	\$ <u>1,001,873</u>
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Deferred inflows of resources-OPEB

Difference between expected and actual experience

VRS-Group Life Insurance	\$ 5,330
VRS-Health Insurance Credit	3,587

Change in assumptions

Local Plan	1,961
VRS-Group Life Insurance	12,391
VRS-Health Insurance Credit	1,702

Total deferred inflow of resources - OPEB	\$ <u>24,971</u>
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(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 13. Shared Indebtedness

In August 2019, the Board entered into an agreement with the City of Harrisonburg and the County of Rockingham for the construction of a new facility. They City and County each issued revenue bonds through the Virginia Resources Authority in the amounts of \$4,950,000 and \$4,965,000, respectively with an interest rate of 2.30% and matures at October 1, 2033. The agreement stipulates that the City, County and CSB are each responsible for 1/3 of the debt issuance. The CSB's portions are \$1,650,000 and \$1,655,000, respectively. The Board's portion will be withheld from the quarterly support payments from both the City and County and will be reported as due to other governments on the financial statements. At June 30, 2021 the amounts due to the City and County were \$1,566,667 and \$1,571,667, respectively.

The following are annual requirements for amounts due to the City and County:

Fiscal Year	Due to City		Due to County		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 88,333	\$ 74,895	\$ 88,333	\$ 75,151	\$ 176,666	\$ 150,046
2023	91,667	70,282	91,667	70,539	183,334	140,821
2024	96,667	65,456	96,667	65,712	193,334	131,168
2025	101,667	60,374	101,667	60,630	203,334	121,004
2026	106,667	55,035	108,333	55,249	215,000	110,284
2027-31	626,666	184,665	628,333	182,220	1,254,999	366,885
2032-34	455,000	31,495	456,667	31,675	911,667	63,170
	<u>\$ 1,566,667</u>	<u>\$ 542,202</u>	<u>\$ 1,571,667</u>	<u>\$ 541,176</u>	<u>\$ 3,138,334</u>	<u>\$ 1,083,378</u>

Note 14. Net Client Service Revenue

Net client revenue arose from the following sources:

Medicaid	\$ 5,043,524
Direct client fees	115,322
Third-party	426,593
Other	302,574
Total	<u>\$ 5,888,013</u>

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 15. Contributions from Participating Local Governments

Contributions from participating local governments were as follows:

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
City of Harrisonburg	\$ 914,014	\$ 2,789,062	\$ 3,703,076
County of Rockingham	990,014	2,790,722	3,780,736
Total	<u>\$ 1,904,028</u>	<u>\$ 5,579,784</u>	<u>\$ 7,483,812</u>

Note 16. Commitments and Contingencies

Certain state and federal grants and programs are subject to audit to determine compliance with their requirements. In the opinion of management, future disallowances of current grant program expenditures, if any, would be immaterial.

Note 17. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; the health of and injuries to employees; and natural disasters. The Board participates in the Virginia Association of Counties Group Self-Insurance Risk Pool for various liability coverages which have up to \$4,000,000 in coverage limits. The Board participates in the Virginia Municipal League Risk Pool for workers compensation coverage.

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 to the Board's financial position.

There are no surety bonds for directors. The Board assumes risks related to co-insurance, policy deductibles, and claims which exceed insurance coverage. There have been no settlements that have exceeded the insurance coverage in the last three years and there has been no reduction in the amount of insurance coverage from the prior year.

Note 18. Donated Inventory

The pharmaceutical suppliers for the Board donated pharmaceutical supplies to be used in the Mental Health Program. At year end, the Board held approximately \$297,148 in prescription medication inventory. This value was determined using the average retail cost method. Since the Board merely acts as agent for the pharmaceutical companies by passing the medication through to its intended beneficiaries, the donation, distribution, and resulting inventories of the pharmaceutical supplies are not reflected in these financial statements.

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 19. Deferred Compensation Plan

The Board maintains for its employees two deferred compensation plans, each created in accordance with *Internal Revenue Code* Section 457. The plans permit employees to defer a portion of their salary until future years. The deferred compensation plan benefits are not available to employees until termination, retirement, death, or unforeseeable emergency. The respective plans are with the International City Managers Association (ICMA) Retirement Corporation and the Commonwealth of Virginia Deferred Compensation Plan.

Note 20. COVID-19 Impact

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The CSB’s operations are dependent on the ability to maintain service to the public. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. As such, the CSB’s financial condition and liquidity impact for the fiscal year 2022 is unknown.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Town’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Note 21. Unresolved Expenses

Included in Other Expense is approximately \$240,000 and \$322,000 in 2021 and 2020, respectively, which is an estimate of amounts where management has concluded the Board was over-charged for purchases, or paid for assets that were either not received, or diverted subsequent to purchase.

Note 22. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95**, *Postponement of the Effective Dates of Certain Authoritative Guidance* due to the COVID-19 pandemic.

In June 2017, The GASB issued **Statement No. 87**, *Leases*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

(Continued)

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 22. New Accounting Standards (continued)

In May 2019, the GASB issued **Statement No. 91**, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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

**REQUIRED
SUPPLEMENTARY INFORMATION**

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
June 30, 2021

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 599,826	\$ 587,113	\$ 545,464	\$ 555,155	\$ 557,286	\$ 572,318	\$ 557,796
Interest on total pension liability	1,408,538	1,329,228	1,274,178	1,204,256	1,133,937	1,061,809	983,105
Changes in assumptions	-	632,598	-	(9,194)	-	-	-
Difference between expected and actual experience	(14,963)	241,503	(244,583)	(28,849)	(53,250)	(87,811)	-
Benefit payments, including refunds of employee contributions	(1,012,395)	(811,996)	(765,248)	(679,711)	(587,144)	(444,682)	(388,420)
Net change in total pension liability	\$ 981,006	\$ 1,978,446	\$ 809,811	\$ 1,041,657	\$ 1,050,829	\$ 1,101,634	\$ 1,152,481
Total pension liability – beginning	\$ 21,373,420	\$ 19,394,974	\$ 18,585,163	\$ 17,543,506	\$ 16,492,677	\$ 15,391,043	\$ 14,238,562
Total pension liability – ending	\$ 22,354,426	\$ 21,373,420	\$ 19,394,974	\$ 18,585,163	\$ 17,543,506	\$ 16,492,677	\$ 15,391,043
Plan Fiduciary Net Position							
Contributions – employer	\$ 323,520	\$ 319,112	\$ 313,921	\$ 296,164	\$ 339,426	\$ 494,311	\$ 392,818
Contributions – employee	326,587	311,555	306,051	290,527	277,460	274,749	269,140
Net investment income	424,120	1,409,101	1,460,844	2,162,891	308,077	764,229	2,216,981
Benefit payments, including refunds of employee contributions	(1,012,395)	(811,996)	(765,248)	(679,711)	(587,144)	(444,682)	(388,420)
Administrative expenses	(14,490)	(13,753)	(12,504)	(12,339)	(10,670)	(9,989)	(11,592)
Other	(503)	(889)	(1,308)	(1,932)	(130)	(161)	117
Net change in plan fiduciary net position	\$ 46,839	\$ 1,213,130	\$ 1,301,756	\$ 2,055,600	\$ 327,019	\$ 1,078,457	\$ 2,479,044
Plan fiduciary net position – beginning	\$ 22,281,410	\$ 21,068,280	\$ 19,766,524	\$ 17,710,924	\$ 17,383,905	\$ 16,305,448	\$ 13,826,404
Plan fiduciary net position – ending	\$ 22,328,249	\$ 22,281,410	\$ 21,068,280	\$ 19,766,524	\$ 17,710,924	\$ 17,383,905	\$ 16,305,448
Net pension liability (asset) – ending	\$ 26,177	\$ (907,990)	\$ (1,673,306)	\$ (1,181,361)	\$ (167,418)	\$ (891,228)	\$ (914,405)
Plan fiduciary net position as a percentage of total pension liability	100%	104%	109%	106%	101%	105%	106%
Covered employee payroll	\$ 7,239,718	\$ 6,820,554	\$ 6,502,713	\$ 6,006,285	\$ 5,549,286	\$ 5,323,806	\$ 5,362,027
Net pension asset as a percentage of covered employee payroll	0.4%	-13%	-26%	-20%	-3%	-17%	-17%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of these statements.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2021

<u>Year Ended June 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2021	\$ 211,215	\$ 211,215	\$ -	\$ 7,680,965	2.75 %
2020	323,520	323,520	-	7,239,718	4.47
2019	319,112	319,112	-	6,820,554	4.68
2018	313,921	313,921	-	6,502,713	4.83
2017	296,164	296,164	-	6,006,285	4.93
2016	339,426	339,426	-	5,549,286	6.12
2015	344,311	494,311	(150,000)	5,323,806	9.28

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

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
June 30, 2021

	Fiscal Year 2021		Fiscal Year 2020		Fiscal Year 2019		Fiscal Year 2018	
	Plan Year 2020 VRS Health Insurance Credit		Plan Year 2019 VRS Health Insurance Credit		Plan Year 2018 VRS Health Insurance Credit		Plan Year 2017 VRS Health Insurance Credit	
	Plan Year 2021 Local Plan	General Employees	Plan Year 2020 Local Plan	General Employees	Local Plan	General Employees	Local Plan	General Employees
Total OPEB Liability								
Service cost	\$ 33,891	\$ 6,756	\$ 24,007	\$ 7,526	\$ 19,756	\$ 6,202	\$ 20,140	\$ 6,882
Interest on total OPEB liability	7,967	16,435	8,440	15,892	8,475	15,502	7,447	14,957
Difference between expected and actual experience	-	(2,472)	46,481	2,540	-	(2,791)	-	-
Changes in assumptions	1,191	-	54,276	5,691	5,876	-	(5,373)	(4,446)
Benefit payments	(24,845)	(17,915)	(22,625)	(12,487)	(9,967)	(14,182)	(21,077)	(5,025)
Net change in total OPEB liability	\$ 18,204	\$ 2,804	\$ 110,579	\$ 19,162	\$ 24,140	\$ 4,731	\$ 1,137	\$ 12,368
Total OPEB liability – beginning	338,952	252,437	228,373	233,275	204,233	228,544	203,096	216,176
Total OPEB liability – ending	\$ 357,156	\$ 255,241	\$ 338,952	\$ 252,437	\$ 228,373	\$ 233,275	\$ 204,233	\$ 228,544
Plan Fiduciary Net Position								
Contributions – employer	\$ -	\$ 11,543	\$ -	\$ 10,800	\$ -	\$ 13,005	\$ -	\$ 12,013
Net investment income	-	4,092	-	12,552	-	13,128	-	18,819
Benefit payments	-	(17,915)	-	(12,487)	-	(14,182)	-	(5,025)
Administrative expenses	-	(389)	-	(275)	-	(310)	-	(315)
Other	-	(2)	-	(15)	-	(924)	-	924
Net change in plan fiduciary net position	\$ -	\$ (2,671)	\$ -	\$ 10,575	\$ -	\$ 10,717	\$ -	\$ 26,416
Plan fiduciary net position – beginning	-	206,633	-	196,058	-	185,341	-	158,925
Plan fiduciary net position – ending	-	203,962	-	206,633	-	196,058	-	185,341
Net OPEB liability – ending	\$ 357,156	\$ 51,279	\$ 338,952	\$ 45,804	\$ 228,373	\$ 37,217	\$ 204,233	\$ 43,203
Plan fiduciary net position as a percentage of total OPEB liability	0%	80%	0%	82%	0%	84%	0%	81%
Covered payroll	\$ 7,680,965	\$ 7,239,718	\$ 7,239,718	\$ 6,820,554	\$ 6,820,554	\$ 6,502,713	\$ 6,502,713	\$ 6,006,285
Net OPEB liability as a percentage of covered payroll	4.65%	0.71%	4.68%	0.67%	3.35%	0.57%	3.14%	0.72%

The information above for the VRS plan is reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2017 information was presented in the entity's fiscal year 2018 financial report. The entity's local OPEB uses a plan year which is the same as its fiscal year.

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

The Notes to Required Supplementary Information are an integral part of these statements.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2021**

Entity Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
VRS Health Insurance Credit - General Employees					
2021	\$ 9,945	\$ 9,945	\$ -	\$ 7,680,965	0.13 %
2020	11,543	11,543	-	7,239,718	0.16
2019	10,800	10,800	-	6,820,554	0.16
2018	13,005	13,005	-	6,502,713	0.20
Virginia Retirement System - Group Life Insurance - General Employees					
2021	\$ 41,364	\$ 41,364	\$ -	\$ 7,680,965	0.54 %
2020	38,057	38,057	-	7,239,718	0.53
2019	35,102	35,102	-	6,820,554	0.51
2018	33,814	33,814	-	6,502,713	0.52

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

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

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
 June 30, 2021

<u>Entity Fiscal Year Ended June 30,</u>	<u>Employer's Proportion of the Net OPEB Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
Virginia Retirement System – Group Life Insurance – General Employees					
2021	0.03	\$ 593,438	\$ 7,680,965	7.73	52.64 %
2020	0.03	560,430	7,239,718	7.74	52.00
2019	0.03	520,000	6,820,554	7.62	51.22
2018	0.03	490,000	6,502,713	7.54	48.86

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

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021**

Note 1. Pension and Other Postemployment Benefits - Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Post-Employment Benefits (OPEB)

There have been no actuarially material changes to the system benefit provisions since the prior actuarial valuation.

Note 2. Pension and Other Postemployment Benefits - Changes of Assumptions

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service through 9 years of service
- Lowered rates of disability retirement
- No changes to salary rates
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service through 9 years of service
- Lowered disability rates
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

**OTHER
SUPPLEMENTARY INFORMATION**

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

COMBINING STATEMENT OF NET POSITION
June 30, 2021

	Harrisonburg- Rockingham Community Services Board	Rockingham- Harrisonburg Halfway House, Inc.	Inter- Company Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 10,307,964	\$ 1,321,807	\$ -	\$ 11,629,771
Accounts receivable, net	852,739	-	-	852,739
Miscellaneous accounts receivable	120,858	-	-	120,858
Due from other governments	2,483,033	-	-	2,483,033
Due from HRCSB	-	302,789	(302,789)	-
Prepaid expenses	95,477	-	-	95,477
Cash and cash equivalents, restricted for representative payee beneficiaries	150,430	-	-	150,430
Total current assets	\$ 14,010,501	\$ 1,624,596	\$ (302,789)	\$ 15,332,308
NONCURRENT ASSETS				
Capital assets, net	\$ 15,755,961	\$ 459,779	\$ -	\$ 16,215,740
Total noncurrent assets	\$ 15,755,961	\$ 459,779	\$ -	\$ 16,215,740
Total assets	\$ 29,766,462	\$ 2,084,375	\$ (302,789)	\$ 31,548,048
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	\$ 1,237,087	\$ -	\$ -	\$ 1,237,087
Deferred outflows related to other postemployment benefits	266,967	-	-	266,967
Total deferred outflows of resources	\$ 1,504,054	\$ -	\$ -	\$ 1,504,054
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and other current liabilities	\$ 1,436,234	\$ -	\$ -	\$ 1,436,234
Accrued payroll and related liabilities	611,257	-	-	611,257
Accrued interest	38,643	-	-	38,643
Due to Halfway House	302,789	-	(302,789)	-
Due to other governments	176,667	-	-	176,667
Amounts held for representative payee beneficiaries, payable from restricted assets	150,430	-	-	150,430
Unearned revenues	3,001,804	-	-	3,001,804
Compensated absences	471,456	-	-	471,456
Total current liabilities	\$ 6,189,280	\$ -	\$ (302,789)	\$ 5,886,491
LONG-TERM LIABILITIES				
Due to other governments	\$ 2,961,667	\$ -	\$ -	\$ 2,961,667
Net pension liability	26,177	-	\$ -	26,177
Other postemployment benefits liability	1,001,873	-	-	1,001,873
Total long-term liabilities	\$ 3,989,717	\$ -	\$ -	\$ 3,989,717
Total liabilities	\$ 10,178,997	\$ -	\$ (302,789)	\$ 9,876,208
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	\$ 33,845	\$ -	\$ -	\$ 33,845
Deferred inflows related to other postemployment benefits	24,971	-	-	24,971
Total deferred inflows of resources	\$ 58,816	\$ -	\$ -	\$ 58,816
NET POSITION				
Net investment in capital assets	\$ 12,617,627	\$ 459,779	\$ -	\$ 13,077,406
Unrestricted	8,415,076	1,624,596	-	10,039,672
Total net position	\$ 21,032,703	\$ 2,084,375	\$ -	\$ 23,117,078

The Notes to Financial Statements are an integral part of these statements.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2021**

	<u>Harrisonburg- Rockingham Community Services Board</u>	<u>Rockingham- Harrisonburg Halfway House, Inc.</u>	<u>Inter- Company Eliminations</u>	<u>Total</u>
OPERATING REVENUES				
Net client service revenue	\$ 5,888,013	\$ -	\$ -	\$ 5,888,013
OPERATING EXPENSES				
Salaries	\$ 9,242,092	\$ -	\$ -	\$ 9,242,092
Benefits	2,497,126	-	-	2,497,126
Facility, equipment, and vehicle	421,519	-	(160,000)	261,519
Contractual and professional services	1,125,569	-	-	1,125,569
Depreciation and amortization	202,520	20,845	-	223,365
Other	777,134	-	-	777,134
Total operating expenses	\$ 14,265,960	\$ 20,845	\$ (160,000)	\$ 14,126,805
Operating loss	\$ (8,377,947)	\$ (20,845)	\$ 160,000	\$ (8,238,792)
NONOPERATING REVENUES (EXPENSES)				
Commonwealth of Virginia grants	\$ 5,772,874	\$ -	\$ -	\$ 5,772,874
Federal grants	868,500	-	-	868,500
Contributions from participating local governments	1,904,028	-	-	1,904,028
Interest income	7,206	-	-	7,206
Interest expense	(156,708)	-	-	(156,708)
Other income	715,492	160,000	(160,000)	715,492
Net nonoperating revenues	\$ 9,111,392	\$ 160,000	\$ (160,000)	\$ 9,111,392
Income before capital contributions	\$ 733,445	\$ 139,155	\$ -	\$ 872,600
Capital contributions from participating local governments	5,579,784	-	-	5,579,784
Change in net position	\$ 6,313,229	\$ 139,155	\$ -	\$ 6,452,384
NET POSITION, at July 1	14,719,474	1,945,220	-	16,664,694
NET POSITION, at June 30	\$ 21,032,703	\$ 2,084,375	\$ -	\$ 23,117,078

The Notes to Financial Statements are an integral part of these statements.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

	Harrisonburg- Rockingham Community Services Board	Rockingham- Harrisonburg Halfway House, Inc.	Inter- Company Eliminations	Total
OPERATING ACTIVITIES				
Receipts from clients, private insurers, Medicaid, and others	\$ 5,893,095	\$ -	\$ -	\$ 5,893,095
Payments to suppliers	(1,300,132)	-	160,000	(1,140,132)
Payments to and for employees	(11,118,835)	-	-	(11,118,835)
Contribution from local governments	103,451	-	-	103,451
Net cash used in operating activities	<u>\$ (6,422,421)</u>	<u>\$ -</u>	<u>\$ 160,000</u>	<u>\$ (6,262,421)</u>
NON-CAPITAL FINANCING ACTIVITIES				
Contributions from local, state, and federal governments	\$ 9,135,505	\$ -	\$ -	\$ 9,135,505
Other receipts	715,492	160,000	(160,000)	715,492
Net cash provided by (used in) non-capital financing activities	<u>\$ 9,850,997</u>	<u>\$ 160,000</u>	<u>\$ (160,000)</u>	<u>\$ 9,850,997</u>
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	\$ (8,609,711)	\$ -	\$ -	\$ (8,609,711)
Borrowed from local governments	1,507,275	23,467	-	1,530,742
Capital contributions from local governments	5,579,784	-	-	5,579,784
Interest paid on debt	(158,844)	-	-	(158,844)
Net cash used in capital and related financing activities	<u>\$ (1,681,496)</u>	<u>\$ 23,467</u>	<u>\$ -</u>	<u>\$ (1,658,029)</u>
INVESTING ACTIVITIES				
Interest received	\$ 7,206	\$ -	\$ -	\$ 7,206
Net increase in cash and cash equivalents	\$ 1,754,286	\$ 183,467	\$ -	\$ 1,937,753
CASH AND CASH EQUIVALENTS				
Beginning at July 1	<u>\$ 8,704,108</u>	<u>\$ 1,138,340</u>	<u>\$ -</u>	<u>\$ 9,842,448</u>
Ending at June 30	<u>\$ 10,458,394</u>	<u>\$ 1,321,807</u>	<u>\$ -</u>	<u>\$ 11,780,201</u>
RECONCILIATION TO STATEMENT OF NET POSITION				
Cash and cash equivalents	\$ 10,307,964	\$ 1,321,807	\$ -	\$ 11,629,771
Cash and cash equivalents, restricted for representative payee program	150,430	-	-	150,430
	<u>\$ 10,458,394</u>	<u>\$ 1,321,807</u>	<u>\$ -</u>	<u>\$ 11,780,201</u>

The Notes to Financial Statements are an integral part of these statements.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

	<u>Harrisonburg- Rockingham Community Services Board</u>	<u>Rockingham- Harrisonburg Halfway House, Inc.</u>	<u>Inter- Company Eliminations</u>	<u>Total</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES				
Operating loss	\$ (8,377,947)	\$ (20,845)	\$ 160,000	\$ (8,238,792)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation and amortization	202,520	20,845	-	223,365
Pension expense net of employer contributions	427,559	-	-	427,559
Other postemployment expense net of employer contributions	(33,857)	-	-	(33,857)
Decrease (increase) in:				
Accounts receivable, net	5,082	-	-	5,082
Prepaid expenses	40,869	-	-	40,869
Due from other governments	103,451	-	-	103,451
Increase (decrease) in:				
Accounts payable and other current liabilities	985,552	-	-	985,552
Accrued payroll and related liabilities	105,653	-	-	105,653
Compensated absences	64,341	-	-	64,341
Other post-employment benefits	56,687	-	-	56,687
Amounts held for representative payee beneficiaries, payable from restricted assets	(2,331)	-	-	(2,331)
Net cash used in operating activities	<u>\$ (6,422,421)</u>	<u>\$ -</u>	<u>\$ 160,000</u>	<u>\$ (6,262,421)</u>
SCHEDULE OF NON-CASH ACTIVITIES				
Capital asset additions financed by accounts payable	<u>\$ 1,386,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,386,996</u>

The Notes to Financial Statements are an integral part of these statements.

COMPLIANCE SECTION



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

To the Honorable Members of the Board of Directors
Harrisonburg-Rockingham Community Services Board
Harrisonburg, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Harrisonburg-Rockingham Community Services Board (the "Board"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated January 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2021-001, which we consider to be a material weakness.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs, as Item 2021-001.**

Board's Response to Findings

The Board's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
January 28, 2022



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

To the Honorable Members of the Board of Directors
Harrisonburg-Rockingham Community Services Board
Harrisonburg, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Harrisonburg-Rockingham Community Services Board (the "Board") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2021. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, the terms, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Board's compliance.

Report on Compliance for Each Major Federal Program (Continued)

Opinion on Each Major Federal Program

In our opinion, the Harrisonburg-Rockingham 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, 2021.

Report on Internal Control over Compliance

Management of Harrisonburg-Rockingham Community Services Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
January 28, 2022

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

SUMMARY OF COMPLIANCE MATTERS

June 30, 2021

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Board's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

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

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One material weakness** relating to the audit of the financial statements was reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major program**.
7. The program tested as major was:

Name of Program	Assistance Listing Number
Block Grants for the Prevention and Treatment of Substance Abuse	93.959

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The Board was **not** determined to be a **low-risk auditee**.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001: Approval of Expenditures and Supporting Information (Material Weakness)

Condition:

The CSB requires that all disbursements receive approval by appropriate individuals prior to the disbursement. In the current year certain disbursements were approved which management subsequently has concluded (see Note 21 to the financial statements) were either for items that were overpriced were for items that may not have actually been received, or were received and subsequently misappropriated. Evidence indicates the purchaser misrepresented that the appropriate procurement process was followed, and evidence of the quotes was not obtained and/or retained. Despite the CSB requiring employees to attest to potential conflicts of interest, certain of the disbursements were made to a vendor that, unknown to management, appears to have been controlled by the purchaser. These purchases are considered non-compliance with the Virginia Public Procurement Act. The State and Local Government Conflict of Interests Act also prohibits local government officers or employees from participating in certain transactions in which they or their family members have a material financial interest. At multiple points evidence indicates this individual intentionally provided misleading or falsified information, indicating that the procurement process was in place when in fact it was being circumvented.

Recommendation:

The approval process should include review and retention of supporting information including documentation obtained from the Virginia eProcurement website. Approvers should maintain a questioning attitude and require sufficient evidence of the propriety of expenditures and the procurement process prior to approval.

Management's Response:

Management agrees with this finding. Agency policies, including procurement, purchasing, and conflict of interest, are being modified to further enhance controls that currently adhere to the Virginia Public Procurement Act and the State and Local Government Conflict of Interests Act.

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

None

D. FINDINGS – COMMONWEALTH OF VIRGINIA

See Finding 2021-001 in Section B above.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2021

A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2020-001: Opioid STR Grant-CFDA #93.788, Procurement-Document Retention

Condition:

Submitted proposals were not retained to support the selection of the vendor chosen to provide services. The lack of documentation did not allow for review of procurement decisions to support proper procedures were followed.

Recommendation:

Procurement documentation should contain the original RFP or ITB, scoring criteria, individual vendor scoring, and the completed contact for the selected vendor.

Current Status:

Training was provided by the Director of Administration and Behavioral Health Wellness and Learning Coordinator, to all staff involved in the procurement policy and process, especially those whose position would require engagement in the RFP process. Additionally, the Director of Administration, has a new digital documentation storage depository wherein all documentation related to procurement will be maintained in a shared file which is backed up nightly. This digital file will be in addition to the paper files that are currently required to be maintained.

2020-002: Opioid STR Grant-CFDA #93.788, Procurement-Required Contract Language under Uniform Guidance

Condition:

Signed vendor contract selected for testing did not contain all of the required Uniform Guidance clauses.

Recommendation:

Contracts should be reviewed and signed by a member of management or program director, having appropriate knowledge of the Uniform Guidance requirements.

Current Status:

Training was provided by the Director of Administration and Behavioral Health Wellness and Learning Coordinator, to all staff involved in the procurement policy and process, especially those whose position would require engagement in the RFP process. Additionally, the Director of Administration, has a new digital documentation storage depository wherein all documentation related to procurement will be maintained in a shared file which is backed up nightly. This digital file will be in addition to the paper files that are currently required to be maintained. The Controller is to be consulted with any contact involving federal grants.

HARRISONBURG-ROCKINGHAM COMMUNITY SERVICES BOARD

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021**

<u>Federal Grantor/State Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services:			
Pass Through Payments:			
Department of Behavioral Health and Developmental Services			
Block Grants for Community Mental Health Services	93.958	50199-0090	\$ 92,976
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	50169-0090/ 50128-0090/ 50129-0090	408,363
State Targeted Response to the Opioid Crisis Grants	93.788	53002-0090/ 53022-0090/ 53032-0090	236,527
COVID-19 - Coronavirus Relief Fund	21.019		7,124
Direct Payments:			
Health Resources and Services Administration:			
COVID-19 Provider Relief Fund	93.498	HHS-89267411989	<u>113,913</u>
Total Department of Health and Human Services			<u>\$ 858,903</u>
Department of Agriculture:			
Direct Payments			
Child and Adult Care Food Program	10.558	N/A	<u>\$ 9,150</u>
Total Department of Agriculture			<u>\$ 9,150</u>
Department of Education:			
Pass Through Payments:			
Office of Special Education and Rehabilitative Services			
Special Education-Grants for Infants and Families	84.181	43082-0090/ 43083-0090/ 73083-0090	<u>\$ 114,360</u>
Total Department of Education			<u>\$ 114,360</u>
Total Expenditures of Federal Awards			<u><u>\$ 982,413</u></u>

Notes to Schedule of Expenditure of Federal Awards:

Note 1-Basis of Presentation:

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of Harrisonburg-Rockingham Community Services Board and is presented on the modified accrual basis of accounting, as described in Note 1 to the Board's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

Note 2-De Minimis Indirect Cost Rate:

The Board has not elected to use the de minimis 10% rate for the allocation of indirect costs.

Note 3-Outstanding Loan Balances:

At June 30, 2021, the Board had no outstanding loan balances requiring continuing disclosure.

Note 4- Federal Assistance Listing #93.498 Provider Relief Funds

Amounts reported for AL#93.498, Provider Relief Funds are for amounts received prior to June 30, 2020 for which reporting was due to Health and Human Services in September 2021. Based on HHS guidance, these funds are reflected on the June 30, 2021 SEFA.