

DISTRICT 19 COMMUNITY SERVICES BOARD



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

DISTRICT 19
COMMUNITY SERVICES BOARD

ANNUAL FINANCIAL REPORT

FOR THE YEAR
ENDED JUNE 30, 2021

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DISTRICT 19 COMMUNITY SERVICES BOARD

BOARD OF DIRECTORS

Brenda Ebron-Conner - Chairman
Mark Shiflett - Vice-Chairman
Daphne Turner - Treasurer
W. Joe Green, Jr.
Vacant
Natachia Randles
Vacant
Mark Shifflitt
Shamika Lewis
Ray W. Spicer
Vacant
Gary Talley
Shel Bolyard-Douglas
Kenneth Robinson
Jean Grim
Frances Randolph
William Hagy

Dinwiddie County
Greensville County
City of Petersburg
City of Colonial Heights
City of Colonial Heights
Dinwiddie County
City of Emporia
Greensville County
City of Hopewell
City of Petersburg
City of Petersburg
City of Petersburg
Prince George County
Prince George County
Prince George County
Surry County
Sussex County

LEADERSHIP TEAM

Jennifer Tunstall
Lisa B. Clark
Sherri Ball

Melissa DeVault
Michael Thomas
Terrelle Stewart
Andrea Coleman
Letitia Wallace

Executive Director
Director of Finance
Director of Children's and Adolescent
Services
Director of Operations
Director of Adult Services
Director of Community & Crisis Services
Director of Developmental Disabilities
Manager, Medical Services

DISTRICT 19 COMMUNITY SERVICES BOARD

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

PROGRAM SERVICES

ADULT SERVICES

Adult
Clinical
Services

- *Case Mgt.
- *Out PT
- *Area Clinics
- *PACT

Residential &
Support Services

- *Ellis Square Apts.
- *MH Support

SA/Jail
Services

- *Intensive Outpatient
- *Relapse Prevention
- *Co-occurring Program
- *Jail Services
- *Mandatory Outpatient Treatment
- *HIV
- *Project Link

Medical Services

- *Psychiatric Services
- *Nursing Services

Developmental Disabilities

- *Adult/Child DD CM
- *Prevention Services

Community and Crisis Services

- *Emergency Services
- *Enhanced Crisis Services
- *Same Day Access
- *Crisis Intervention
- *Peer Support
- *Grant Management
- *Jail Diversion
- *Integrated Treatment Approaches
- *New Program Design and Implementation

Finance

- *Accounting and Reimbursement
- *Services
- *Payroll

Operations

- *QA/QI
- *Procurement and Facilities
- **HIPAA
- *Credentialing
- Medicaid Eligibility
- *Medical Records
- *Human Rights
- *Consumer Advocacy
- *Data Integrity

CHILDREN'S SERVICES

Specialized
Children's
Services

- *School Based Therapy
- *Crater Detention
- *Outpatient Services

Children's
Clinical
Services

- *Case Management
- *CSA Care Coordinator

Infant
Intervention

ADMINISTRATIVE SERVICES

Human Resources

- *Recruitment/Selection
- *Benefits/Orientation
- *Class/Compensation

MIS

- *Data Specialist
- *Network Administrator
- *Data Administrator
- *IT Specialists II
- *Project Manager



Independent Auditors' Report

**TO THE BOARD OF DIRECTORS
DISTRICT 19 COMMUNITY SERVICES BOARD
PETERSBURG, VIRGINIA**

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of District 19 Community Services 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.

Auditors' 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 auditors' 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 respective financial position of the business-type activities of District 19 Community Services Board, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding on pages 4-7 and 43-54 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise District 19 Community Services Board's 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited District 19 Community Services Board's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 23, 2020. In our opinion, the summarized 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of District 19 Community Services Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District 19 Community Services Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District 19 Community Services Board's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "D. Frick", followed by a long horizontal line.

Richmond, Virginia
November 15, 2021

DISTRICT 19 COMMUNITY SERVICES BOARD
Management's Discussion & Analysis
Year Ended June 30, 2021

The following Management Discussion and Analysis (MD&A) of District 19 Community Services Board (CSB) financial performance provides the reader with an overview of the CSB financial statements for the fiscal year ended June 30, 2021.

Following this MD&A are the basic financial statements of the CSB. These financial statements should be read in conjunction with the notes to the financial statements, as the notes are an integral part of the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The CSB presents three basic financial statements: a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

The CSB's financial position is measured in terms of the assets we own and the liabilities we owe on the reporting date. This information is reported on the Statement of Net Position and reflects our assets in relation to what we owe to our suppliers, employees and other creditors. The excess of our assets over our liabilities represents our equity, or net position.

The financial results of the CSB's operating activities are reported in the Statement of Revenues, Expenses and Changes in Net Position.

The Statement of Cash Flows describes the flow of cash resources into the CSB from operating activities and investment income and the out flows of cash to pay operating expenses, purchase capital equipment and to repay debt.

FINANCIAL SUMMARY

Financial Position: A summary of the CSB's Statement of Net Position for the years ended June 30, 2021 and 2020 are presented below:

	2021	2020
Current Assets	\$ 5,298,402	\$ 3,970,227
Property and Equipment, less Accumulated Depreciation	734,456	750,367
Net Pension Asset	234,172	2,880,007
TOTAL ASSETS	\$ 6,267,030	\$ 7,600,601
DEFERRED OUTFLOWS OF RESOURCES	\$ 2,269,250	\$ 1,226,940
Current Liabilities	\$ 1,065,916	\$ 893,954
Long Term Liabilities	2,455,718	2,401,414
TOTAL LIABILITIES	\$ 3,521,634	\$ 3,295,368
DEFERRED INFLOWS OF RESOURCES	\$ 264,364	\$ 717,148
Net Position:		
Invested in Capital Assets	\$ 734,456	\$ 750,367
Unrestricted	4,015,826	4,064,658
TOTAL NET POSITION	\$ 4,750,282	\$ 4,815,025

The financial condition of the CSB decreased less than 2% in 2021 compared to 2020. Net Position decreased by \$64,743 as the overall the CSB's financial position remained strong.

Change in Net Position: A summary of the CSB's Statement of Revenues, Expenses and Net Position for the years ended June 30, 2021 and 2020 are presented below:

	2021	2020
Operating Revenues	\$ 5,692,193	\$ 5,291,670
Operating Expenses	17,319,566	16,679,932
Operating Income (Loss)	\$ (11,627,373)	\$ (11,388,262)
Non-operating Income	11,562,630	11,837,441
Change in Net Position	\$ (64,743)	\$ 449,179

Operating Revenues represent the revenue received from providing patient (consumer) services. The largest source of patient service revenue to the CSB is Medicaid. Net Patient Service Fees increased by \$400,523.

Operating Expenses increased by \$639,634. Operating Expenses include staff salaries and benefits, supply purchases, minor (non-capitalized) equipment purchases, payments for contract services and lease payments. Operating Expenses increased primarily due to the decline in the actuarially determined net pension benefit asset.

Non-operating revenues (expenses) consist of state, local and federal appropriations, regional funding and interest income from investments. Non-operating income decreased by \$274,781.

Cash Flows: A summary of the CSB's Statement of Cash Flows for 2021 and 2020 are presented below:

	2021	2020
Cash Flows from Operating Activities	\$ (10,367,329)	\$ (10,760,593)
Cash Flows from Non-Capital Activities	11,592,204	11,794,816
Cash Flows from Capital Activities	(22,417)	(77,598)
Cash Flows from Investing Activities	5,272	6,919
Net Increase (Decrease) in Cash	\$ 1,207,730	\$ 963,544
Cash-Beginning of Year	3,329,474	2,365,930
Cash-End of Year	\$ 4,537,204	\$ 3,329,474

Cash flows (use of cash) for operating activities increased by \$1,207,730 in 2021 over 2020.

Cash flows from operating activities increased by \$393,264 in 2021 over 2020. This is primarily the result of an increase in revenues from client fees.

Capital Assets and Debt Administration

Capital Assets

The CSB had \$734,456 in net capital assets at June 30, 2021, with a slight decrease of \$15,911 as compared to the prior year.

Long-Term Debt

The CSB had no debt outstanding in FY 2021. Long term liabilities consist entirely of compensated absences and other post-employment benefits.

REQUEST FOR INFORMATION

This financial report is designed to provide the citizens, clients and taxpayers a general overview of the financial operations of the CSB. Questions concerning this report or requests for additional financial information should be addressed in writing to the Director of Finance, District 19 Community Services Board, 20 W. Bank Street, Suite 2, Petersburg, Virginia 23803.

DISTRICT 19 COMMUNITY SERVICES BOARD

Statement of Net Position

As of June 30, 2021

(with Comparative Totals as of June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 4,537,204	\$ 3,329,474
Client receivables, less allowance for uncollectible	540,557	443,678
Other receivable	3,581	4,300
Receivables from Richmond Behavioral Health	40,679	-
Prepaid items	176,381	192,775
Total current assets	\$ 5,298,402	\$ 3,970,227
Capital Assets:		
Property and equipment, less accumulated depreciation	\$ 734,456	\$ 750,367
Other Assets:		
Net pension asset	\$ 234,172	\$ 2,880,007
Total assets	\$ 6,267,030	\$ 7,600,601
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 2,061,104	\$ 1,031,281
OPEB related items	208,146	195,659
Total deferred outflows of resources	\$ 2,269,250	\$ 1,226,940
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 494,071	\$ 354,149
Wages payable	273,740	382,664
Grants refundable	165,681	57,635
Unearned revenue - local appropriations	28,025	-
Current portion of compensated absences	104,399	99,506
Total current liabilities	\$ 1,065,916	\$ 893,954
Long-Term Liabilities:		
Compensated absences, less current portion	\$ 939,591	\$ 895,554
Net OPEB liabilities	1,516,127	1,505,860
Total long-term liabilities	\$ 2,455,718	\$ 2,401,414
Total liabilities	\$ 3,521,634	\$ 3,295,368
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ -	\$ 384,201
OPEB related items	264,364	332,947
Total deferred inflows of resources	\$ 264,364	\$ 717,148
NET POSITION		
Investment in capital assets	\$ 734,456	\$ 750,367
Restricted	234,172	2,880,007
Unrestricted	3,781,654	1,184,651
Total net position	\$ 4,750,282	\$ 4,815,025

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Statement of Revenues, Expenses & Changes in Net Position

Year Ended June 30, 2021

(with Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Patient service fees	\$ 5,692,193	\$ 5,291,670
Operating expenses:		
Personnel	\$ 9,840,759	\$ 9,941,837
Fringe benefits	3,812,484	2,973,295
Purchased services	585,733	653,841
Other charges	2,227,941	2,153,543
Leases and rentals	753,775	846,547
Depreciation	98,874	110,869
Total operating expenses	\$ 17,319,566	\$ 16,679,932
Operating income (loss)	\$ (11,627,373)	\$ (11,388,262)
Non-operating income (loss):		
Appropriations:		
Commonwealth of Virginia, including pass-through grants of		
\$1,757,280 from the federal government	\$ 9,309,804	\$ 9,551,029
CARES Act Funds from participating localities	20,700	-
Direct federal payments	181,811	-
Local governments	884,914	854,273
Other agencies	746,214	1,140,136
Interest income	5,272	6,919
Gain (loss) on sale of capital assets	60,546	1,455
Miscellaneous local	353,369	283,599
Total non-operating income (loss)	\$ 11,562,630	\$ 11,837,411
Change in net position	\$ (64,743)	\$ 449,149
Net position at beginning of year	4,815,025	4,365,876
Net position at end of year	\$ 4,750,282	\$ 4,815,025

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Statement of Cash Flows
Year Ended June 30, 2021
(with Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Receipts from customers	\$ 5,595,314	\$ 5,538,600
Payments to suppliers	(3,411,133)	(3,975,978)
Payments to employees	(12,551,510)	(12,323,215)
Total cash flows provided by (used for) operating activities	\$ (10,367,329)	\$ (10,760,593)
Cash flows from non-capital and related financing activities:		
Government and other agency grants	\$ 11,238,835	\$ 11,511,217
Other	353,369	283,599
Total cash flows provided by (used for) non-capital and related financing activities	\$ 11,592,204	\$ 11,794,816
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$ (108,002)	\$ (79,053)
Sale of capital assets	85,585	1,455
Total cash flows provided by (used for) capital and related financing activities	\$ (22,417)	\$ (77,598)
Cash flows from investing activities:		
Interest income	\$ 5,272	\$ 6,919
Net increase (decrease) in cash and cash equivalents	\$ 1,207,730	\$ 963,544
Cash and cash equivalents, beginning of year	3,329,474	2,365,930
Cash and cash equivalents, end of year	\$ 4,537,204	\$ 3,329,474
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (11,627,373)	\$ (11,388,262)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:		
Depreciation	98,874	110,869
Changes in assets, liabilities, and deferred inflows/outflows of resources:		
Client receivables	(96,879)	246,930
Other receivables	719	(3,327)
Prepaid items	16,394	(5,919)
Net pension asset	2,645,835	1,538,933
Deferred outflows of resources	(1,042,310)	(964,598)
Accounts payable	139,922	(316,128)
Wages payable	(108,924)	175,540
Net OPEB liabilities	10,267	(176,090)
Compensated absences	48,930	55,429
Deferred inflows of resources	(452,784)	(33,970)
Cash flows provided by (used for) operating activities	\$ (10,367,329)	\$ (10,760,593)

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements

As of June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description and Purpose of Agency

The Board operates as an agent for the Cities of Petersburg, Hopewell, Colonial Heights, and Emporia and the Counties of Sussex, Surry, Prince George, Greensville, and Dinwiddie in the establishment and operation of community mental health, intellectual and developmental disabilities, and substance abuse programs as provided for in Chapter 10 Title 37.2 of the Code of Virginia (1950), as amended, relating to the Virginia Department of Behavioral Health and Developmental Services. The Board provides a system of community mental health, intellectual and developmental disabilities, and substance abuse services which are developed in and meet the needs of the participating localities.

B. Reporting Entity

For financial reporting purposes, the Board has no organizations for which it is considered financially accountable.

C. Individual Component Unit Disclosures

Blended Component Units - The Board has no blended component units.

Discretely Presented Component Units - The Board has no discretely presented component units.

D. Basis of Accounting

The Board is funded by Federal, State and local funds. Its accounting policies are governed by applicable provisions of these grants and applicable pronouncements and publications of the grantors. The Board utilizes the accrual basis of accounting where revenues are recorded when earned and expenses recorded when incurred, regardless of when the related cash flow takes place.

E. Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

F. Enterprise Fund Accounting

District 19 Community Services Board is a governmental health care entity and is required to follow the accounting and reporting practices of the Governmental Accounting Standards Board. For financial reporting purposes, the Board utilizes the enterprise fund method of accounting whereby revenues and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Use of Estimates

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

H. Cash and Cash Equivalents

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

I. Investments

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

J. Prepaid Items

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

K. Net Client Service Revenue

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

The Board bills and collects fees for services from its clients. At June 30, 2021, the Board was due \$753,286 in client receivables which was made up of Medicaid funds and other client fees. When applicable, the Board calculates its allowance for uncollectible accounts using historical data. The allowance for uncollectible accounts was \$212,729 at June 30, 2021.

L. Financial Assistance

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Capital Assets

Capital assets acquired are recorded at cost. The Board follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000 with an expected life greater than one year. Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from 5 to 30 years and is computed using the straight-line method. Donated capital assets are recorded at the acquisition value at the time of the gift. No capitalized interest is included in reported historical costs.

N. Comparative Totals

Comparative totals are presented in the financial statements for informational purposes only.

O. Operating and Nonoperating Revenues and Expenses

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

P. Compensated Absences

The Board's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of services. Employees terminating their employment are paid by the Board their accumulated annual leave up to the maximum limit. Unused sick leave is paid at the date of separation based on length of service. The amount of annual and sick leave recognized as expense is the amount earned during the year. The balance at June 30, 2021 was \$1,043,990.

Q. Budgetary Accounting

The Board follows these procedures in establishing its budgets:

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Net Position

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

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

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

S. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resource until then. The Board has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension asset and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

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

T. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension, 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.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Other Postemployment Benefits (OPEB)

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

For purposes of measuring the medical and dental pay-as-you go liability, deferred outflows of resources and deferred inflows of resources related to the Plan's OPEB, and the related OPEB expenses, information about the fiduciary net position of the Board's Medical and Dental Pay-As-You go Plan and the additions to/deductions from the Board's OPEB Plan's fiduciary net position have been determined in accordance with GASB 75 based on key assumptions to include: turnover and retirement rates, healthcare trend and claim costs, mortality and discount rate. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

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

Investments

Statutes authorize the Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2021, District 19 Community Services Board had no investments.

NOTE 3 - PENSION PLAN:

Plan Description

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 3 - PENSION PLAN (Continued)

Benefit Structures

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

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

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 3 - 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>Number</u>
Inactive members or their beneficiaries currently receiving benefits	160
Inactive members:	
Vested inactive members	83
Non-vested inactive members	81
Inactive members active elsewhere in VRS	<u>103</u>
Total inactive members	267
Active members	<u>171</u>
Total covered employees	<u><u>598</u></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 Board's contractually required employer contribution rate for the year ended June 30, 2021 was 3.34% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Board were \$240,788 and \$129,385 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Board, the net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 3 - PENSION PLAN (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Board's Retirement Plan was based on an actuarial valuation as of June 30, 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%
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 fair 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 return 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:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 3 - PENSION PLAN (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates: (Continued)

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:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 3 - PENSION PLAN (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	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 Stræ	6.00%	3.04%	0.18%
PIP - Private Investment Parti	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides 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 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 1-, 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%.

Discount Rate

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

DISTRICT 19 COMMUNITY SERVICES BOARD**Notes to Financial Statements (Continued)**
As of June 30, 2021**NOTE 3 - PENSION PLAN (Continued)*****Discount Rate (Continued)***

valuations, whichever was 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 Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2019	\$ 35,108,087	\$ 37,988,094	\$ (2,880,007)
Changes for the year:			
Service cost	\$ 797,586	\$ -	\$ 797,586
Interest	2,309,655	-	2,309,655
Differences between expected and actual experience	779,284	-	779,284
Contributions - employer	-	131,876	(131,876)
Contributions - employee	-	417,228	(417,228)
Net investment income	-	717,498	(717,498)
Benefit payments, including refunds of employee contributions	(1,781,943)	(1,781,943)	-
Administrative expenses	-	(25,068)	25,068
Other changes	-	(844)	844
Net changes	\$ 2,104,582	\$ (541,253)	\$ 2,645,835
Balances at June 30, 2020	\$ 37,212,669	\$ 37,446,841	\$ (234,172)

DISTRICT 19 COMMUNITY SERVICES BOARD**Notes to Financial Statements (Continued)**
As of June 30, 2021**NOTE 3 - PENSION PLAN (Continued)*****Sensitivity of the Net Pension Asset to Changes in the Discount Rate***

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

		Rate		
		1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Board's				
Net Pension Liability (Asset)	\$	4,731,040	\$ (234,172)	\$ (4,332,909)

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

For the year ended June 30, 2021, the Board recognized pension expense of \$1,475,090. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 514,869	\$ -
Change in assumptions	187,720	-
Net difference between projected and actual earnings on pension plan investments	1,117,727	-
Employer contributions subsequent to the measurement date	240,788	-
Total	<u>\$ 2,061,104</u>	<u>\$ -</u>

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 3 - PENSION PLAN (Continued)

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

\$240,788 reported as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30

2022	\$	642,422
2023		434,735
2024		382,316
2025		360,843
2026		-
2027		-
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan 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.

NOTE 4—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 4—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$48,999 and \$47,089 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of \$734,288 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .04400% as compared to .04545% at June 30, 2019.

DISTRICT 19 COMMUNITY SERVICES BOARD**Notes to Financial Statements (Continued)****As of June 30, 2021****NOTE 4—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)*****GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$15,893. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 47,098	\$ 6,596
Net difference between projected and actual earnings on GLI OPEB plan investments	22,057	-
Change in assumptions	36,723	15,332
Changes in proportionate share	8,796	51,189
Employer contributions subsequent to the measurement date	<u>48,999</u>	<u>-</u>
Total	<u>\$ 163,673</u>	<u>\$ 73,117</u>

\$48,999 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (1,048)
2023	5,181
2024	16,426
2025	19,619
2026	1,774
Thereafter	(395)

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 4—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

Actuarial Assumptions

The total GLI OPEB liability 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. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

*Administrative expenses as a percent of the fair 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 return 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 OPEB liabilities.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

DISTRICT 19 COMMUNITY SERVICES BOARD**Notes to Financial Statements (Continued)**
As of June 30, 2021**NOTE 4—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)*****Actuarial Assumptions (Continued)***

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI NET OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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

DISTRICT 19 COMMUNITY SERVICES BOARD**Notes to Financial Statements (Continued)****As of June 30, 2021****NOTE 4—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)*****Long-Term Expected Rate of Return***

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	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 Strate	6.00%	3.04%	0.18%
PIP - Private Investment Partner	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides 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 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%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 4—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Board's proportionate share of the GLI Plan Net OPEB Liability	\$ 965,278	\$ 734,288	\$ 546,702

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's 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.

NOTE 5—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

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

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

Eligible Employees

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)

As of June 30, 2021

NOTE 5—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

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

Inactive members or their beneficiaries currently receiving benefits	45
Active members	171
Total covered employees	<u>216</u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Board's contractually required employer contribution rate for the year ended June 30, 2021 was .15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Board to the HIC Plan were \$13,605 and \$13,443 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 5—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)

Actuarial Assumptions

The total HIC OPEB liability 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%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair 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 return 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 the OPEB liabilities.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 5—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	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 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 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%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

DISTRICT 19 COMMUNITY SERVICES BOARD**Notes to Financial Statements (Continued)**
As of June 30, 2021**NOTE 5—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)*****Changes in Net HIC OPEB Liability***

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 362,079	\$ 310,357	\$ 51,722
Changes for the year:			
Service cost	\$ 9,351	\$ -	\$ 9,351
Interest	23,637	-	23,637
Differences between expected and actual experience	(5,664)	-	(5,664)
Contributions - employer	-	13,443	(13,443)
Net investment income	-	6,170	(6,170)
Benefit payments	(23,795)	(23,795)	-
Administrative expenses	-	(581)	581
Other changes	-	(3)	3
Net changes	\$ 3,529	\$ (4,766)	\$ 8,295
Balances at June 30, 2020	\$ 365,608	\$ 305,591	\$ 60,017

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Board's Net HIC OPEB Liability (Asset)	\$ 98,147	\$ 60,017	\$ 27,456

DISTRICT 19 COMMUNITY SERVICES BOARD**Notes to Financial Statements (Continued)****As of June 30, 2021****NOTE 5—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)*****HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB***

For the year ended June 30, 2021, the Board recognized HIC Plan OPEB expense of \$14,804. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to the Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Differences between expected and actual experience	\$ 8,248	\$ 4,745
Net difference between projected and actual earnings on HIC OPEB plan investments	9,960	-
Change in assumptions	5,922	3,796
Employer contributions subsequent to the measurement date	<hr/> 13,605	<hr/> -
Total	<hr/> \$ 37,735 <hr/>	<hr/> \$ 8,541 <hr/>

\$13,605 reported as deferred outflows of resources related to the HIC OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
<hr/>	
2022	\$ 1,814
2023	4,151
2024	4,418
2025	5,091
2026	265
Thereafter	(150)

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)

As of June 30, 2021

NOTE 5—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (Continued)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan 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.

NOTE 6—MEDICAL AND DENTAL PAY-AS-YOU-GO (OPEB PLAN):

Plan Description

In addition to the pension and other postemployment benefits previously described, the Board administers a single-employer defined benefit healthcare plan, The District 19 Community Service Board Other Postemployment Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. No benefits are provided to Medicare eligible retirees or their spouses.

Plan Membership

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

Total active employees with coverage	171
Total retirees with coverage	4
Total spouses of retirees with coverage	<u>2</u>
Total	<u><u>177</u></u>

Contributions

The Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board. The amount paid by the Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$51,391.

Total OPEB Liability

The Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2021

NOTE 6—MEDICAL AND DENTAL PAY-AS-YOU-GO (OPEB PLAN): (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	2.16%
Actuarial cost method	Entry Age Normal
	0.00% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074
Medical Trend Rate	
Salary increases including inflation	Graded Scale

Discount Rate

The discount rate is a single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of:

- 1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.
- 2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.

Municipal Bond Rate

The Municipal Bond Rate is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2021

NOTE 6—MEDICAL AND DENTAL PAY-AS-YOU-GO (OPEB PLAN): (Continued)***Changes in Total OPEB Liability***

	<u>Total OPEB Liability</u>
Balances at June 30, 2020	\$ 714,546
Changes for the year:	
Service cost	\$ 40,909
Interest	16,131
Changes in assumptions	1,627
Benefit payments	(51,391)
Net changes	\$ 7,276
Balances at June 30, 2021	\$ 721,822

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

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

<u>Rate</u>		
<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
\$ 753,902	\$ 721,822	\$ 689,106

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 total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.80% decreasing to 3.00% over 53 years) or one percentage point higher (5.80% decreasing to 5.00% over 53 years) than the current healthcare cost trend rates:

<u>Rates</u>		
<u>1% Decrease 3.80%</u>	<u>Current Trend 4.80%</u>	<u>1% Increase 5.80%</u>
\$ 647,313	\$ 721,822	\$ 807,537

DISTRICT 19 COMMUNITY SERVICES BOARD**Notes to Financial Statements (Continued)****As of June 30, 2021****NOTE 6—MEDICAL AND DENTAL PAY-AS-YOU-GO (OPEB PLAN): (Continued)*****OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources***

For the year ended June 30, 2021, the Board recognized OPEB expense in the amount of \$12,595. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (88,205)
Changes in assumptions	6,738	(94,501)
Total	<u>\$ 6,738</u>	<u>\$ (182,706)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future report periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (44,446)
2023	(45,294)
2024	(45,385)
2025	(40,843)
2026	-
Thereafter	-

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

NOTE 7 - SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT PLANS***Aggregate OPEB Information***

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Board Group Life Insurance Plan (Note 4)	\$ 163,673	\$ 73,117	\$ 734,288	\$ 15,893
Board Health Insurance Credit Plan (Note 5)	37,735	8,541	60,017	14,804
Board Stand-Alone Plan (Note 6)	6,738	182,706	721,822	12,595
Totals	<u>\$ 208,146</u>	<u>\$ 264,364</u>	<u>\$ 1,516,127</u>	<u>\$ 43,292</u>

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)

As of June 30, 2021

NOTE 8 - CONTINGENT LIABILITIES

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

At June 30, 2021, there were no matters of litigation involving the Board which would materially affect the Board's financial position should any court decision or pending matter not be favorable to the Board.

NOTE 9 - 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; injuries to employees; and natural disasters. The Board participates with other localities in a public entity risk pool for their coverage of Public Official's Liability through the Commonwealth of Virginia's Division of Risk Management. The Board pays an annual premium to the pool for its general insurance through member premiums. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Board continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - OPERATING LEASE AGREEMENTS

The Board leases office space and other facilities from various lessors. The lease terms range from one to twelve years. The future minimum lease requirements for the next thirteen years are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 682,209
2023	655,194
2024	659,271
2025	611,503
2026	563,736
2027 - 2031	2,929,140
2032 - 2037	1,903,941
Total	<u>\$ 8,004,994</u>

Rent expense totaled \$704,653 and \$791,768 for the years ended June 30, 2021 and June 30, 2020, respectively.

NOTE 11 - FISCAL AGENT

The County of Prince George, Virginia acts as fiscal agent for District 19 Community Services Board pursuant to the requirements of Section 37.2-195 of the Code of Virginia (1950) as amended.

DISTRICT 19 COMMUNITY SERVICES BOARD**Notes to Financial Statements (Continued)**
As of June 30, 2021**NOTE 12 - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2021 is presented below:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital assets not subject to depreciation:				
Land	\$ 222,087	\$ -	\$ -	\$ 222,087
Total capital assets not subject to depreciation	\$ 222,087	\$ -	\$ -	\$ 222,087
Capital assets subject to depreciation:				
Buildings	\$ 752,029	\$ -	\$ -	\$ 752,029
Leasehold improvements	179,356	-	-	179,356
Equipment	1,834,620	108,002	783,411	1,159,211
Total capital assets being depreciated	\$ 2,766,005	\$ 108,002	\$ 783,411	\$ 2,090,596
Less accumulated depreciation for:				
Buildings	\$ 486,690	\$ 28,760	\$ -	\$ 515,450
Leasehold improvements	35,871	11,957	-	47,828
Equipment	1,715,164	58,157	758,372	1,014,949
Total accumulated depreciation	\$ 2,237,725	\$ 98,874	\$ 758,372	\$ 1,578,227
Total capital assets being depreciated, net	\$ 528,280	\$ 9,128	\$ 25,039	\$ 512,369
Total capital assets, net	\$ 750,367	\$ 9,128	\$ 25,039	\$ 734,456

NOTE 13 - LOCAL GOVERNMENT CONTRIBUTIONS BY PARTICIPANT LOCAL GOVERNMENTS

The participating localities contributed the following for the fiscal year ended June 30, 2021:

City of Petersburg	\$ 228,349
City of Colonial Heights	87,425
County of Greenville	60,263
County of Surry	62,748
City of Hopewell	117,585
City of Emporia	49,398
County of Sussex	76,235
County of Dinwiddie	85,537
County of Prince George	117,374
Total	<u>\$ 884,914</u>

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 14 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the Board for the year ended June 30, 2021:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021	Amounts due within one year
Compensated absences	\$ 995,060	\$ 148,436	\$ 99,506	\$ 1,043,990	\$ 104,399
Net OPEB liabilities	1,505,860	314,520	304,253	1,516,127	-
Total Liabilities	<u>\$ 2,500,920</u>	<u>\$ 462,956</u>	<u>\$ 403,759</u>	<u>\$ 2,560,117</u>	<u>\$ 104,399</u>

NOTE 15 - NET PATIENT REVENUE SOURCES

Net Patient Revenues for 2021 were from the following sources:

Medicaid	\$ 5,565,599
Direct Client & Third Parties	126,594
Total	<u>\$ 5,692,193</u>

NOTE 16 - UPCOMING PRONOUNCEMENTS:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, 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.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued) **As of June 30, 2021**

NOTE 16 - UPCOMING PRONOUNCEMENTS: (Continued)

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

NOTE 17 - COVID-19 PANDEMIC:

On January 30, 2021, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2021, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2021 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. The Board is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2022.

The Board received COVID-19 Provider Relief Funds in the amount of \$181,811 during the year.

DISTRICT 19 COMMUNITY SERVICES BOARD**Schedule of Changes in Net Pension Liability (Asset) and Related Ratios****Pension Plan****For the Measurement Dates of June 30, 2014 through June 30, 2020**

	<u>2020</u>	<u>2019</u>
Total pension liability		
Service cost	\$ 797,586	\$ 762,836
Interest	2,309,655	2,192,881
Differences between expected and actual experience	779,284	471,760
Changes of assumptions	-	1,060,832
Benefit payments	(1,781,943)	(1,414,195)
Net change in total pension liability	\$ 2,104,582	\$ 3,074,114
Total pension liability - beginning	35,108,087	32,033,973
Total pension liability - ending (a)	\$ 37,212,669	\$ 35,108,087
 Plan fiduciary net position		
Contributions - employer	\$ 131,876	\$ 139,397
Contributions - employee	417,228	422,077
Net investment income	717,498	2,413,602
Benefit payments	(1,781,943)	(1,414,195)
Administrator charges	(25,068)	(24,184)
Other	(844)	(1,516)
Net change in plan fiduciary net position	\$ (541,253)	\$ 1,535,181
Plan fiduciary net position - beginning	37,988,094	36,452,913
Plan fiduciary net position - ending (b)	\$ 37,446,841	\$ 37,988,094
 Board's net pension liability (asset) - ending (a) - (b)	\$ (234,172)	\$ (2,880,007)
 Plan fiduciary net position as a percentage of the total pension liability	100.63%	108.20%
 Covered payroll	\$ 8,962,005	\$ 8,897,911
 Board's net pension liability (asset) as a percentage of covered payroll	-2.61%	-32.37%

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

2018	2017	2016	2015	2014
\$ 780,347	\$ 838,726	\$ 925,010	\$ 901,004	\$ 955,514
2,111,354	2,041,818	1,972,594	1,879,617	1,756,243
(271,104)	(308,391)	(710,160)	(394,296)	-
-	(177,279)	-	-	-
(1,497,643)	(1,305,372)	(1,091,689)	(1,024,457)	(874,104)
\$ 1,122,954	\$ 1,089,502	\$ 1,095,755	\$ 1,361,868	\$ 1,837,653
30,911,019	29,821,517	28,725,762	27,363,894	25,526,241
\$ 32,033,973	\$ 30,911,019	\$ 29,821,517	\$ 28,725,762	\$ 27,363,894
\$ 250,447	\$ 251,671	\$ 373,560	\$ 388,690	\$ 414,951
442,715	448,728	440,678	448,201	443,806
2,557,090	3,824,651	544,770	1,376,722	4,123,203
(1,497,643)	(1,305,372)	(1,091,689)	(1,024,457)	(874,104)
(22,322)	(22,260)	(19,417)	(18,769)	(22,018)
(2,263)	(3,394)	(231)	(292)	217
\$ 1,728,024	\$ 3,194,024	\$ 247,671	\$ 1,170,095	\$ 4,086,055
34,724,889	31,530,865	31,283,194	30,113,099	26,027,044
\$ 36,452,913	\$ 34,724,889	\$ 31,530,865	\$ 31,283,194	\$ 30,113,099
\$ (4,418,940)	\$ (3,813,870)	\$ (1,709,348)	\$ (2,557,432)	\$ (2,749,205)
113.79%	112.34%	105.73%	108.90%	110.05%
\$ 8,704,677	\$ 8,290,330	8,787,778	\$ 8,995,323	\$ 8,861,243
-50.77%	-46.00%	-19.45%	-28.43%	-31.03%

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Employer Contributions

Pension Plan

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2021	\$ 240,788	\$ 240,788	\$ -	\$ 9,069,845	2.65%
2020	129,385	129,385	-	8,962,005	1.44%
2019	137,525	137,525	-	8,897,911	1.55%
2018	253,344	253,344	-	8,704,677	2.91%
2017	275,239	275,239	-	8,290,330	3.32%
2016	483,328	386,662	96,666	8,787,778	5.50%
2015	494,743	395,794	98,949	8,995,323	5.50%
2014	593,703	415,592	178,111	8,861,243	6.70%
2013	596,544	417,580	178,963	8,903,635	6.70%
2012	360,838	360,838	-	8,736,994	4.13%

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Required Supplementary Information

Pension Plan

For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 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:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Board's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through 2020

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
				(3)/(4)	
(1)	(2)	(3)	(4)	(5)	(6)
2020	0.04400% \$	734,288 \$	9,055,535	8.11%	52.64%
2019	0.04545%	739,592	8,909,761	8.30%	52.00%
2018	0.04618%	702,000	8,780,091	8.00%	51.22%
2017	0.04517%	680,000	8,331,892	8.16%	48.86%

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2021	\$ 48,999	\$ 48,999	\$ -	\$ 9,073,887	0.54%
2020	47,089	47,089	-	9,055,535	0.52%
2019	46,331	46,331	-	8,909,761	0.52%
2018	45,656	45,656	-	8,780,091	0.52%
2017	43,326	43,326	-	8,331,892	0.52%
2016	42,181	42,181	-	8,787,778	0.48%
2015	43,178	43,178	-	8,995,323	0.48%
2014	42,534	42,534	-	8,861,243	0.48%
2013	42,872	42,872	-	8,931,674	0.48%
2012	24,852	24,852	-	8,799,286	0.28%

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Required Supplementary Information

Group Life Insurance (GLI) Plan

For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 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:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

DISTRICT 19 COMMUNITY SERVICE BOARD

Schedule of Changes in Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through 2020

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 9,351	\$ 9,095	\$ 9,203	\$ 10,012
Interest	23,637	22,455	21,534	20,993
Differences between expected and actual experience	(5,664)	10,330	2,124	-
Changes in assumptions	-	8,614	-	(9,068)
Benefit payments	(23,795)	(18,414)	(20,984)	(7,435)
Net change in total HIC OPEB liability	\$ 3,529	\$ 32,080	\$ 11,877	\$ 14,502
Total HIC OPEB Liability - beginning	362,079	329,999	318,122	303,620
Total HIC OPEB Liability - ending (a)	\$ 365,608	\$ 362,079	\$ 329,999	\$ 318,122
Plan fiduciary net position				
Contributions - employer	\$ 13,443	\$ 13,346	\$ 12,183	\$ 11,607
Net investment income	6,170	18,950	20,288	29,550
Benefit payments	(23,795)	(18,414)	(20,984)	(7,435)
Administrator charges	(581)	(413)	(471)	(485)
Other	(3)	(22)	(1,478)	1,478
Net change in plan fiduciary net position	\$ (4,766)	\$ 13,447	\$ 9,538	\$ 34,715
Plan fiduciary net position - beginning	310,357	296,910	287,372	252,657
Plan fiduciary net position - ending (b)	\$ 305,591	\$ 310,357	\$ 296,910	\$ 287,372
Board's net HIC OPEB liability - ending (a) - (b)	\$ 60,017	\$ 51,722	\$ 33,089	\$ 30,750
Plan fiduciary net position as a percentage of the total HIC OPEB liability	83.58%	85.72%	89.97%	90.33%
Covered payroll	\$ 8,962,005	\$ 8,997,911	\$ 8,704,677	\$ 8,290,330
Board's net HIC OPEB liability as a percentage of covered payroll	0.67%	0.57%	0.38%	0.37%

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

DISTRICT 19 COMMUNITY SERVICE BOARD

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 13,605	\$ 13,605	\$ -	\$ 9,069,845	0.15%
2020	13,443	13,443	-	8,962,005	0.15%
2019	13,347	13,347	-	8,997,911	0.15%
2018	12,187	12,187	-	8,704,677	0.14%
2017	11,606	11,606	-	8,290,330	0.14%
2016	11,424	11,424	-	8,787,778	0.13%
2015	11,694	11,694	-	8,995,323	0.13%
2014	16,836	16,836	-	8,861,243	0.19%
2013	16,908	16,908	-	8,899,132	0.19%
2012	19,219	19,219	-	8,735,911	0.22%

DISTRICT 19 COMMUNITY SERVICE BOARD

Notes to Required Supplementary Information

Health Insurance Credit (HIC) Plan

For the Year Ended June 30, 2021

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

Changes of assumptions - The actuarial assumptions used in the June 30, 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:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

DISTRICT 19 COMMUNITY SERVICE BOARD

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Medical and Dental OPEB Plan
For the Measurement Dates of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 40,909	\$ 44,238	\$ 43,851	\$ 44,726
Interest	16,131	33,980	35,547	31,975
Economic/demographics	-	(133,439)	-	-
Changes in assumptions	1,627	(136,289)	20,290	(20,448)
Benefit payments	(51,391)	(40,805)	(54,475)	(46,505)
Net change in total OPEB liability	\$ 7,276	\$ (232,315)	\$ 45,213	\$ 9,748
Total OPEB liability - beginning	714,546	946,861	901,648	891,900
Total OPEB liability - ending	\$ 721,822	\$ 714,546	\$ 946,861	\$ 901,648
 Covered payroll	 9,106,189	 \$ 8,666,815	 \$ 8,744,100	 \$ 8,744,100
 Board's total OPEB liability (asset) as a percentage of covered payroll	 7.93%	 8.24%	 10.83%	 10.31%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

DISTRICT 19 COMMUNITY SERVICE BOARD

Notes to Required Supplementary Information - Medical and Dental OPEB Plan
For the Year Ended June 30, 2021

Valuation Date: 7/1/2019

Measurement Date: 6/30/2021

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

Methods and assumptions used to determine OPEB liability:

Inflation	2.50%
Discount Rate	2.16%
Actuarial cost method	Entry Age Normal
Medical Trend Rate	0.00% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.
Salary increase including inflation	Graded Scale



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

**TO THE BOARD OF DIRECTORS
DISTRICT 19 COMMUNITY SERVICES BOARD
PETERSBURG, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of District 19 Community Services Board as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise District 19 Community Services Board's basic financial statements and have issued our report thereon dated November 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered District 19 Community Services Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District 19 Community Services Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the District 19 Community Services Board's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District 19 Community Services Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "D. Frick", followed by a long horizontal line.

Richmond, Virginia
November 15, 2021

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

**TO THE BOARD OF DIRECTORS
DISTRICT 19 COMMUNITY SERVICES BOARD
PETERSBURG, VIRGINIA**

Report on Compliance for Each Major Federal Program

We have audited District 19 Community Services Board's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of District 19 Community Services Board's major federal programs for the year ended June 30, 2021. District 19 Community Services Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of District 19 Community Services 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 District 19 Community Services 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 District 19 Community Services Board's compliance.

Opinion on Each Major Federal Program

In our opinion, District 19 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 District 19 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 District 19 Community Services 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 District 19 Community Services 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.



Richmond, Virginia
November 15, 2021

DISTRICT 19 COMMUNITY SERVICES BOARD**Schedule of Expenditures of Federal Awards****Year Ended June 30, 2021**

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Treasury:			
Pass Through Payments:			
City of Colonial Heights, Virginia:			
COVID-19 - Coronavirus Relief Fund	21.019	not available	\$ 7,500
County of Dinwiddie, Virginia:			
COVID-19 - Coronavirus Relief Fund	21.019	not available	13,200
Total Department of Treasury			\$ 20,700
Department of Education:			
Pass-Through Payments:			
Department of Behavioral Health and Developmental Services:			
Special Education- Grants for Infants and Families	84.181	445007-115433 & 445007-117351	\$ 87,289
Department of Health and Human Services:			
Pass-Through Payments:			
Department of Behavioral Health and Developmental Services:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	445001-115446	\$ 4,869
Emergency Grants to Address Mental and Substance Abuse Disorders during COVID-19	93.665	445006-118317	18,405
Opioid STR	93.788	445001-115449; 445001-117468 & 445001-117469	95,414
Block Grants for Community Mental Health Services	93.958	445006-117477	250,231
Block Grants for Prevention and Treatment of Substance Abuse	93.959	445001-117393 & 445001-117396	1,301,072
Total Department of Health and Human Services			\$ 1,669,991
Total Expenditures of Federal Awards			\$ 1,777,980

See accompanying notes to Schedule of Expenditures of Federal Awards.

District 19 Community Services Board

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District 19 CSB under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District 19 CSB, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District 19 CSB.

Note B - Summary of Significant Accounting Policies

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

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

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

Note C - Provider Relief Fund:

Based on current guidance from the Department of Health and Human Services (HHS), PRF expenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporting portal. Therefore, PRF expenditures for Period 2 will be reported, at the earliest, on the SEFA for the year ended June 30, 2022, as specified by HHS.

Note D - Reconciliation to Financial Statements:

Total federal expenditures per basic financial statements	\$ 1,959,791
COVID -19 Provider Relief Fund - Period 2	<u>(181,811)</u>
Total federal expenditures per SEFA	<u>\$ 1,777,980</u>

Note E - Subrecipients

No awards were passed through to subrecipients.

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Findings and Questioned Costs As of June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes ✓ _____ no

Significant deficiency(ies) identified?

_____ yes ✓ _____ none reported

Noncompliance material to financial statements noted?

_____ yes ✓ _____ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ yes ✓ _____ no

Significant deficiency(ies) identified?

_____ yes ✓ _____ none reported

Type of auditors' report issued on compliance
for major programs:

unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR Section 200.516(a)?

_____ yes ✓ _____ no

Identification of major programs:

Assistance Listing Number(s)

93.959

Name of Federal Program or Cluster

Block Grants for Prevention and
Treatment of Substance Abuse

Dollar threshold used to distinguish between type A
and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

✓ _____ yes _____ no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

District 19 Community Services Board

**Schedule of Prior Year Findings
Year Ended June 30, 2021**

There were no items reported.