

DISTRICT 19 COMMUNITY SERVICES BOARD



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

INTRODUCTORY SECTION

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**DISTRICT 19
COMMUNITY SERVICES BOARD**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR
ENDED JUNE 30, 2025**

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DISTRICT 19 COMMUNITY SERVICES BOARD

BOARD OF DIRECTORS

Gary Talley - Chairman	City of Petersburg
Becca Lynch - Vice-Chairman	City of Colonial Heights
Jean Grim - Treasurer	Prince George County
Angela Haden	City of Colonial Heights
Sherilyn Merritt	Dinwiddie County
Donna Harrison	Dinwiddie County
Vacant	City of Emporia
Col. Anthony Johnson	Greenville County
Rosalyn Capers	City of Hopewell
Susan Gill	City of Hopewell
Daphne Turner	City of Petersburg
Vacant	City of Petersburg
Helen Leonard	Prince George County
Kenneth Robinson	Prince George County
Velma Shaw	Surry County
Alastair Bailey	Sussex County

LEADERSHIP TEAM

Terrelle Stewart	Executive Director
Lisa B. Clark	Director of Finance
Torri White	Director of Children's and Adolescent Services
Ami Williams	Director of Community and Crisis Services
Sdhari King	Director of Recovery and Prevention Services
Kheia Hilton	Director of Adult Services
Theresa Mason	Director of Developmental Disabilities
Letitia Wallace	Director of Nursing

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District 19 Community Services Board Organizational Chart

Cities of Colonial Heights, Emporia, Hopewell, and Petersburg
 Counties of Dinwiddie, Greensville, Prince George, Surry, and Sussex

Terrelle Stewart, LPC Executive Director					
Department Directors	HR Manager Heather Poarch	QA Supervisor Jennifer Immekus	Community Relations Specialist Jordan Walker	Executive Assistant Lisa Newby	
See below	*Human Resources -Human Resources staff -Clerical Support Floaters (PRN) -Administrative Assistant	*Quality Assurance -QA Specialist -Medical Records Technician	-Marketing -Community relations/outreach -Social media manager -Grants and data analysis	-Executive Director's Asst. -Clerk to the Board	
Finance & Administrative Services Department Lisa Clark, CPA	Adult Services Department Kheia Hilton, LPC	Children's Services Department Torri White, LPC	Intellectual & Developmental Services Department Theresa Mason	Medical Services Department Leticia Wallace, MSN RN	Recovery And Prevention Services Department Sdhari King, LCSW
**Accounting & Reporting *Reimbursement -Billing technicians *Procurement *Facilities *MIS Department	-ACT Team -MH Case Management -I-Works Program -Ellis Square Transitional living program -MH Support -Permanent Supportive Housing -Peer and Supportive Services -Same Day Access -Related Step VA Programming	*Specialized Children's Services -Children's Services -Crater Detention SUD Outpatient Services Court Service Unit Services -Case Management *Early Childhood Services *Early Childhood Services -Infant Intervention Services -Related Step VA Programming	-DD Compliance -ID/DD programming -Waiver and related services -DD adult and children's CM services	-Pharmacy Services -Psychiatric Services -Nursing Services -Related Step VA Programming	-SUD OP and supportive services -Co-occurring Program -SUD CM -Peer Recovery Services -Jail Services -SUD/HIV programming -Project Link -Prevention and outreach services -Recovery Court -Related Step VA Programming
		Community & Crisis Services Department Ami Williams, LPC			
		-Emergency Services -Forensic Services -Hospital & Community Liaisons *Related STEP-VA programming -Mental Health Outpatient Services *Crisis Assessment Center *Crisis Intervention Team *Same Day Access -BH Docket			

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BASIC FINANCIAL STATEMENTS

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of District 19 Community Services Board, as of June 30, 2025, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of District 19 Community Services Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principles

As described in Note 16 to the financial statements, in 2025, the Board adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 17 to the financial statements, in 2025, the Board restated beginning balances to reflect the requirements of GASB Statement No. 101. The Board also identified and corrected prior period errors related to the capitalization of fixed assets that had previously been expensed. Accordingly, the beginning balance of net position as of July 1, 2024, has been restated. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about District 19 Community Services Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of District 19 Community Services Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District 19 Community Services Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding as listed on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

Required Supplementary Information (Continued)

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 accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

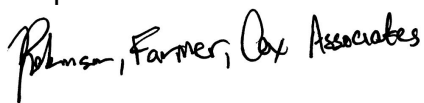
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2025, 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.



Richmond, Virginia
November 26, 2025

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DISTRICT 19 COMMUNITY SERVICES BOARD
Management's Discussion & Analysis
Year Ended June 30, 2025

The following Management Discussion and Analysis (MD&A) of District 19 Community Services Board's (CSB) financial performance provides the reader with an overview of the CSB financial statements for the fiscal year ended June 30, 2025.

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 and deferred outflows of resources over our liabilities and deferred inflows of resources 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, 2025 and 2024 are presented below:

	<u>2025</u>	<u>2024</u>
Current Assets	14,821,297	12,479,867
Property and Equipment, less accumulated depreciation	6,583,075	7,167,078
Net Pension Asset	6,397,221	5,580,400
Net OPEB Asset	39,983	-
TOTAL ASSETS	<u>27,841,576</u>	<u>25,227,345</u>
 DEFERRED OUTFLOWS OF RESOURCES	 621,657	 360,509
Current Liabilities	1,502,429	1,836,447
Long Term Liabilities	7,387,904	7,734,959
TOTAL LIABILITIES	<u>8,890,333</u>	<u>9,571,406</u>
 DEFERRED INFLOWS OF RESOURCES	 1,651,573	 1,543,883
 Net Position:		
Net Investment in Capital Assets	371,104	549,756
Restricted for Pension and OPEB Benefits	6,437,204	5,580,400
Unrestricted	11,113,019	8,318,373
TOTAL NET POSITION	<u><u>17,921,327</u></u>	<u><u>14,448,529</u></u>

The 2024 liabilities and net position presented in the table above do not reflect the beginning balance restatements in the final report. Beginning balances decreased by \$13,221 for GASB 101 adjustments and increased by \$24,036 for a correction of an error. The net restatement increases beginning net position by \$10,815 to a total of \$14,529,344.

The financial condition of the CSB increased by 25% in 2025. The continued increase in financial condition is due to a 12% increase in local government contributions, a 12% increase in revenues from state and federal sources and a 15% increase in net pension asset per the Virginia Retirement Systems most recent actuarial valuation.

Change in Net Position: A summary of the CSB’s Statement of Revenues, Expenses and Net Position for the years ended June 30, 2025 and 2024 are presented below:

	<u>2025</u>	<u>2024</u>
Operating Revenues	5,970,287	6,150,799
Operating Expenses	<u>18,785,675</u>	<u>17,640,487</u>
Operating Income (Loss)	(12,815,388)	(11,489,688)
Non-operating Income	<u>16,277,371</u>	<u>14,693,105</u>
Change in Net Position	<u><u>3,461,983</u></u>	<u><u>3,203,417</u></u>

The 2024 change net position presented in the table above do not reflect the beginning balance restatements in the final report. Beginning balances decreased by \$13,221 for GASB 101 adjustments and increased by \$24,036 for a correction of an error. The net restatement increases the 2024 change in net position by \$10,815.

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 decreased by \$180,512 in FY25 compared to a \$250,345 decline in FY24.

Operating expenses increased by \$1,145,188. Operating expenses include staff salaries and benefits which increased due to wage growth, depreciation and miscellaneous charges.

Non-operating revenues (expenses) consist of state, local and federal appropriations, regional funding and interest income from investments. Non-operating income increased by \$1,584,266 due primarily to an increase in local, state and federal appropriations to District 19.

Cash Flows: A summary of the CSB’s Statement of Cash Flows for 2025 and 2024 are presented below:

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities	(13,008,197)	(11,744,140)
Cash Flows from Non-Capital Activities	16,751,841	14,004,682
Cash Flows from Capital Activities	(1,092,026)	(1,127,007)
Cash Flows from Investing Activities	<u>53,464</u>	<u>57,322</u>
 Net Increase (Decrease) in Cash	 2,705,082	 1,190,857
 Cash-Beginning of Year	 <u>10,880,370</u>	 <u>9,689,513</u>
Cash-End of Year	<u>13,585,452</u>	<u>10,880,370</u>

The net change in cash flows increased by \$1,514,225 in 2025 compared to 2024 primarily due to increases in non-operating revenues.

Capital Assets and Debt Administration

Capital Assets

Capital assets decreased from FY25 to FY24 by \$584,003 due to depreciation exceeding purchases as disclosed in Notes to the Financial Statements #11.

Long-Term Debt

The CSB had no bonded debt outstanding in FY25 or FY24. Long term liabilities consist entirely of compensated absences, other post-employment benefits, lease liabilities and subscription liabilities.

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, 2025

ASSETS

Current Assets:

Cash and cash equivalents	\$ 13,585,452
Client receivables, less allowance for uncollectible	481,292
Other receivables	26,851
Receivables from other governmental units	509,814
Prepaid items	217,888
Total current assets	<u>\$ 14,821,297</u>

Noncurrent Assets:

Net pension asset	\$ 6,397,221
Net OPEB asset	39,983
Capital assets:	
Land	222,087
Leasehold improvements, vehicles & equipment, less accumulated depreciation	364,800
Lease buildings, less accumulated depreciation	5,619,821
Lease equipment, less accumulated depreciation	33,875
Lease vehicles, less accumulated depreciation	193,371
Subscription assets, less accumulated depreciation	149,121
Total capital assets	<u>\$ 6,583,075</u>
Total noncurrent assets	<u>\$ 13,020,279</u>
Total assets	<u>\$ 27,841,576</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related items	\$ 479,972
OPEB related items	141,685
Total deferred outflows of resources	<u>\$ 621,657</u>

LIABILITIES

Current Liabilities:

Accounts payable	\$ 365,852
Wages payable	266,752
Current portion of compensated absences	115,881
Current portion of lease liabilities	690,014
Current portion of subscription liabilities	63,930
Total current liabilities	<u>\$ 1,502,429</u>

Long-Term Liabilities:

Compensated absences, less current portion	\$ 1,042,929
Net OPEB liabilities	886,948
Lease liabilities, less current portion	5,401,563
Subscription liabilities, less current portion	56,464
Total long-term liabilities	<u>\$ 7,387,904</u>
Total liabilities	<u>\$ 8,890,333</u>

DEFERRED INFLOWS OF RESOURCES

Pension related items	\$ 1,313,616
OPEB related items	337,957
Total deferred inflows of resources	<u>\$ 1,651,573</u>

NET POSITION

Net investment in capital assets	\$ 371,104
Restricted for pension benefits	6,397,221
Restricted for OPEB benefits	39,983
Unrestricted	11,113,019
Total net position	<u>\$ 17,921,327</u>

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2025

Operating revenues:	
Net patient service fees	\$ <u>5,970,287</u>
Operating expenses:	
Personnel	\$ 11,544,418
Fringe benefits	1,595,806
Purchased services	917,332
Other charges	3,643,034
Depreciation	1,085,085
Total operating expenses	\$ <u>18,785,675</u>
Operating income (loss)	\$ <u>(12,815,388)</u>
Nonoperating revenues (expenses):	
Appropriations:	
Commonwealth of Virginia, including pass-through grants of \$2,007,896 from the federal government	\$ 14,435,945
Local governments	1,246,252
Other agencies	576,662
Interest income	53,464
Miscellaneous	174,677
Gain (loss) on sale of capital assets	(80,464)
Interest expense	<u>(129,165)</u>
Total nonoperating revenues (expenses)	\$ <u>16,277,371</u>
Change in net position	\$ 3,461,983
Net position at beginning of year, as previously reported	14,448,529
Restatement	10,815
Net position at beginning of year, as restated	\$ <u>14,459,344</u>
Net position at end of year	\$ <u><u>17,921,327</u></u>

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, 2025

Cash flows from operating activities:	
Receipts from patients	\$ 6,032,468
Payments to suppliers	(4,723,205)
Payments to employees	(14,317,460)
Total cash flows provided by (used for) operating activities	<u>\$ (13,008,197)</u>
Cash flows from noncapital and related financing activities:	
Government and other agency grants	\$ 16,577,164
Miscellaneous income	174,677
Total cash flows provided by (used for) noncapital and related financing activities	<u>\$ 16,751,841</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (32,329)
Lease principal payments	(774,647)
Subscription principal payments	(162,202)
Interest on leases and subscription payments	(129,165)
Sale of capital assets	6,317
Total cash flows provided by (used for) capital and related financing activities	<u>\$ (1,092,026)</u>
Cash flows from investing activities:	
Interest income	\$ 53,464
Net increase (decrease) in cash and cash equivalents	\$ 2,705,082
Cash and cash equivalents, beginning of year	10,880,370
Cash and cash equivalents, end of year	<u><u>\$ 13,585,452</u></u>

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:

Operating income (loss)	\$ (12,815,388)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:	
Depreciation/amortization	1,085,085
Changes in assets, liabilities, and deferred outflows/inflows of resources:	
(Increase)/decrease in client receivables	45,832
(Increase)/decrease in other receivable	16,349
(Increase)/decrease in prepaid items	(16,833)
(Increase)/decrease in net pension asset	(816,821)
(Increase)/decrease in net OPEB asset	(39,983)
(Increase)/decrease in deferred outflows of resources	(261,148)
Increase/(decrease) in accounts payable	(146,006)
Increase/(decrease) in wages payable	(124,949)
Increase/(decrease) in net OPEB liabilities	(94,281)
Increase/(decrease) in compensated absences	52,256
Increase/(decrease) in deferred inflows of resources	107,690
Cash flows provided by (used for) operating activities	<u><u>\$ (13,008,197)</u></u>

Schedule of noncash capital and related financing activities:

Capital assets acquired through lease and subscription arrangements	<u><u>\$ 555,534</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

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DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements As of June 30, 2025

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 under which 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, 2025

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, 2025, the Board was due \$846,948 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 \$365,656 at June 30, 2025.

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, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease and subscription assets. Capital assets are defined by the Board as land, buildings, building improvements, vehicles, and office equipment, with individual costs in excess of \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the acquisition value at the time of the gift.

Tangible and intangible property, plant and equipment, right to use lease assets, and subscription assets are depreciated/amortized using the straight-line method over the following estimated useful lives as shown below (or life of the associated contract for lease and subscription assets):

<u>Assets</u>	<u>Years</u>
Lease buildings	2-23
Buildings	5-30
Leasehold Improvements	5-10
Vehicle	5
Equipment	5
Lease vehicles and equipment	3-5

N. Leases and Subscription-Based IT Arrangements

The Board has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

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

Subscriptions

The Board recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$5,000, individually or in the aggregate. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Leases and Subscription-Based IT Arrangements (Continued)

Subscriptions (Continued)

The subscription asset is measured at the initial amount of the subscription liability, adjusted for principal payments made at or before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Subsequently, the subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

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

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

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

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 liability for compensated absences represents amounts owed to employees for earned but unused vacation and other leave benefits. In accordance with GASB Statement No. 101, *Compensated Absences*, this liability is recognized when the leave is attributable to services already rendered, the leave accumulates, and it is probable that the leave will be used or paid. The liability is measured using the pay rates in effect as of the reporting date, including salary-related payments that are directly and incrementally associated with payments for compensated absences. The portion of the liability expected to be paid within one year is reported as a current liability in the financial statements.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

R. Net Position

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

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

Sometimes the Board will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the 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 includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resource until then. The Board has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)

As of June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Deferred Outflow/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item that qualifies for reporting in this category. It is comprised of certain items related to the pension and OPEB. 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 pensions, and pension expense, information about the fiduciary net position of the Board's Retirement Plan and the additions to/deductions from the Board's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 OPEB 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.

V. Subsequent Events

The Board has evaluated subsequent events through November 26, 2025, the date on which the financial statements are available to be issued.

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)

As of June 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

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 & 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, 2025, 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.

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.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 3 - PENSION PLAN: (Continued)

Benefit Structures (Continued)

- 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 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

Employees Covered by Benefit Terms

As of the June 30, 2023 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	178
Inactive members:	
Vested inactive members	105
Non-vested inactive members	103
Inactive members active elsewhere in VRS	105
Active members	<u>164</u>
Total covered employees	<u><u>655</u></u>

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 3 - PENSION PLAN (Continued)

Contributions

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

The Board's contractually required employer contribution rate for the year ended June 30, 2025 was 1.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$165,581 and \$204,151 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$51,896 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$47,387 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$5,564,535 for the year ended June 30, 2025.

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, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

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, 2023, 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, 2024.

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 3 - PENSION PLAN (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)

As of June 30, 2025

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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 3 - PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 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, 2023	\$ 41,002,331	\$ 46,582,731	\$ (5,580,400)
Changes for the year:			
Service cost	\$ 818,722	\$ -	\$ 818,722
Interest	2,750,659	-	2,750,659
Differences between expected and actual experience	697,795	-	697,795
Contributions - employer	-	202,995	(202,995)
Contributions - employee	-	440,130	(440,130)
Net investment income	-	4,470,686	(4,470,686)
Benefit payments, including refunds of employee contributions	(2,141,090)	(2,141,090)	-
Administrative expenses	-	(30,697)	30,697
Other changes	-	883	(883)
Net changes	\$ 2,126,086	\$ 2,942,907	\$ (816,821)
Balances at June 30, 2024	\$ 43,128,417	\$ 49,525,638	\$ (6,397,221)

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Board's			
Net Pension Liability (Asset)	\$ (1,076,668)	\$ (6,397,221)	\$ (10,734,146)

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

For the year ended June 30, 2025, the Board recognized pension expense of (\$787,388). At June 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ 314,391	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,313,616
Employer contributions subsequent to the measurement date	<u>165,581</u>	<u>-</u>
Total	<u>\$ 479,972</u>	<u>\$ 1,313,616</u>

\$165,581 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2026	\$ (846,584)
2027	374,036
2028	(251,094)
2029	(275,583)
2030	-
Thereafter	-

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)

As of June 30, 2025

NOTE 3 - PENSION PLAN (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-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.

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, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 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 \$9,254 as of June 30, 2025.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)

As of June 30, 2025

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

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 1.18% of covered employee compensation. This rate was the final approved General Assembly rate, which was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$48,138 and \$52,784 for the years ended June 30, 2025 and June 30, 2024, 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, 2025, the entity reported a liability of \$424,832 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.03807% as compared to 0.04005% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of (\$7,044). 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, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	67,006	\$ 10,377
Net difference between projected and actual earnings on GLI OPEB plan investments	-	35,809
Change in assumptions	2,422	21,054
Changes in proportionate share	-	55,233
Employer contributions subsequent to the measurement date	48,138	-
Total	<u>\$ 117,566</u>	<u>\$ 122,473</u>

\$48,138 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, 2026. 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>	
2026	\$ (35,890)
2027	(6,139)
2028	(11,823)
2029	(2,207)
2030	3,014
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. 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.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Actuarial Assumptions (Continued)

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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

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, 2024, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan	
Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		3,080,133
GLI NET OPEB Liability (Asset)	\$	<u>1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		73.41%

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.

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Rate of Return</u>	<u>Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Long-Term Expected Rate of Return (Continued)

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, 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 113% of the actuarially determined contribution rate. From July 1, 2024 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.

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Board's proportionate share of the GLI Plan Net OPEB Liability	\$ 660,668	\$ 424,832	\$ 234,307

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)

As of June 30, 2025

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Employees Covered by Benefit Terms

As of the June 30, 2024 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	87
Vested inactive members	9
Active members	<u>231</u>
Total covered employees	<u><u>327</u></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, 2025 was 0.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$6,133 and \$11,631 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Asset

The Board’s net HIC OPEB asset was measured as of June 30, 2024. The total HIC OPEB asset was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

The total HIC OPEB asset was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Actuarial Assumptions (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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:

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Discount Rate

The discount rate used to measure the total HIC OPEB asset 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, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 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 asset.

Changes in Net HIC OPEB Liability (Asset)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 402,603	\$ 383,005	\$ 19,598
Changes for the year:			
Service cost	\$ 5,750	\$ -	\$ 5,750
Interest	26,770	-	26,770
Differences between expected and actual experience	(45,495)	-	(45,495)
Contributions - employer	-	11,630	(11,630)
Net investment income	-	35,458	(35,458)
Benefit payments, including refunds of employee contributions	(23,521)	(23,521)	-
Administrative expense	-	(482)	482
Net changes	\$ (36,496)	\$ 23,085	\$ (59,581)
Balances at June 30, 2024	\$ 366,107	\$ 406,090	\$ (39,983)

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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

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

The following presents the Board’s HIC Plan net HIC OPEB liability (asset) using the discount rate of 6.75%, as well as what the Board’s net HIC OPEB 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Board's			
Net HIC OPEB Liability (Asset) \$	(1,196) \$	(39,983) \$	(72,922)

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, 2025, the Board recognized HIC Plan OPEB expense of (\$4,753). At June 30, 2025, the Board reported deferred outflows of resources and deferred inflow of resources related to the Board’s HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,132	\$ 36,994
Net difference between projected and actual earnings on HIC OPEB plan investments	-	8,044
Change in assumptions	2,356	2,301
Employer contributions subsequent to the measurement date	6,133	-
Total	\$ 15,621	\$ 47,339

\$6,133 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, 2026. 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:

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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 (Continued)

Year Ended June 30	
2026	\$ (17,147)
2027	(9,265)
2028	(9,436)
2029	(2,003)
2030	-
Thereafter	-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-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, 2025 (measurement date), the following employees were covered by the benefit terms:

	<u>Number</u>
Total active employees with coverage	163
Total retirees with coverage	<u>5</u>
Total	<u><u>168</u></u>

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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

Contributions

The Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board. The amount paid by the Board for OPEB as the benefits came due during the year ended June 30, 2025 was \$38,485.

Total OPEB Liability

The Board’s total OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions

The total OPEB liability in the July 1, 2023 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	5.20%
Actuarial cost method	Entry Age Normal
Medical Trend Rate	6.30% for fiscal 2025, then grading to an ultimate rate of 3.90% for fiscal 2073 and later
Salary increases including inflation	5.35% for 1-2 years of service, 4.75% for 3 years of service, then grading to an ultimate rate of 3.50% for 20+ years

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, 2025

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, 2024	\$	481,306
Changes for the year:		
Service cost		29,614
Interest on total OPEB liability		19,330
Changes in assumptions		(29,649)
Benefit payments		(38,485)
Net changes	\$	<u>(19,190)</u>
Balances at June 30, 2025	\$	<u><u>462,116</u></u>

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 (4.20%) or one percentage point higher (6.20%) than the current discount rate:

<u>Rate</u>		
<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
<u>(4.20%)</u>	<u>Rate (5.20%)</u>	<u>(6.20%)</u>
\$ 485,356	\$ 462,116	\$ 439,780

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 (5.30% decreasing to 3.90% over 48 years) or one percentage point higher (7.30% decreasing to 3.90% over 48 years) than the current healthcare cost trend rates:

<u>Rates</u>		
<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
<u>5.30%</u>	<u>Trend</u>	<u>7.30%</u>
<u>5.30%</u>	<u>6.30%</u>	<u>7.30%</u>
\$ 422,061	\$ 462,116	\$ 5,071,106

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

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, 2025, the Board recognized OPEB expense in the amount of (\$48,117). At June 30, 2025, 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	\$ -	\$ 126,827
Changes in assumptions	8,498	41,318
Total	<u>\$ 8,498</u>	<u>\$ 168,145</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>	
2026	\$ (56,277)
2027	(55,184)
2028	(48,186)
2029	-
2030	-
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 Liabilities</u>	<u>OPEB Expense</u>
VRS OPEB Plans:				
Group Life Insurance Plan (Note 4)	\$ 117,566	\$ 122,473	\$ 424,832	\$ (7,044)
Health Insurance Credit Plan (Note 5)	15,621	47,339	-	(4,573)
Board Stand-Alone Plan (Note 6)	8,498	168,145	462,116	(48,117)
Totals	<u>\$ 141,685</u>	<u>\$ 337,957</u>	<u>\$ 886,948</u>	<u>\$ (59,734)</u>

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)

As of June 30, 2025

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, 2025, 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 - 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.

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DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 11 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2025 is presented below:

	Balance		Restated			Balance
	July 1, 2024	Restatement	July 1, 2024	Increases	Decreases	June 30, 2025
Capital assets not subject to depreciation:						
Land	\$ 222,087	\$ -	\$ 222,087	\$ -	\$ -	\$ 222,087
Total capital assets not subject to depreciation	\$ 222,087	\$ -	\$ 222,087	\$ -	\$ -	\$ 222,087
Capital assets subject to depreciation:						
Buildings	\$ 743,510	\$ -	\$ 743,510	\$ -	\$ -	\$ 743,510
Leasehold improvements	346,867	-	346,867	-	162,714	184,153
Equipment	1,036,616	30,045	1,066,661	32,329	47,237	1,051,753
Lease buildings	7,738,761	-	7,738,761	376,660	364,608	7,750,813
Lease vehicles	723,260	-	723,260	-	-	723,260
Lease equipment	96,262	-	96,262	36,643	96,262	36,643
Subscription assets	465,137	-	465,137	142,231	371,546	235,822
Total capital assets being depreciated	\$ 11,150,413	\$ 30,045	\$ 11,180,458	\$ 587,863	\$ 1,042,367	\$ 10,725,954
Less accumulated depreciation for:						
Buildings	\$ 590,655	\$ -	\$ 590,655	\$ 27,908	\$ -	\$ 618,563
Leasehold improvements	124,701	-	124,701	14,454	75,933	63,222
Equipment	901,470	6,009	907,479	72,589	47,237	932,831
Lease buildings	1,854,116	-	1,854,116	641,484	364,608	2,130,992
Lease vehicles	374,917	-	374,917	154,972	-	529,889
Lease equipment	82,188	-	82,188	16,842	96,262	2,768
Subscription assets	301,411	-	301,411	156,836	371,546	86,701
Total accumulated depreciation	\$ 4,229,458	\$ 6,009	\$ 4,235,467	\$ 1,085,085	\$ 955,586	\$ 4,364,966
Total capital assets being depreciated, net	\$ 6,920,955	\$ 24,036	\$ 6,944,991	\$ (497,222)	\$ 86,781	\$ 6,360,988
Total capital assets, net	\$ 7,143,042	\$ 24,036	\$ 7,167,078	\$ (497,222)	\$ 86,781	\$ 6,583,075

NOTE 12 - LOCAL GOVERNMENT CONTRIBUTIONS BY PARTICIPANT LOCAL GOVERNMENTS

The participating localities contributed the following for the fiscal year ended June 30, 2025:

City of Petersburg	\$ 329,051
City of Colonial Heights	125,977
County of Greensville	76,184
County of Surry	91,303
City of Hopewell	150,309
City of Emporia	71,181
County of Sussex	109,854
County of Dinwiddie	123,258
County of Prince George	169,135
Total	<u>\$ 1,246,252</u>

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 13 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the Board for the year ended June 30, 2025:

	Balance at July 1, 2024	GASB 101 Restatement	Restated Balance July 1, 2024	Increases	Decreases	Balance at June 30, 2025	Amounts due within one year
Compensated absences	\$ 1,093,333	\$ 13,221	\$ 1,106,554	\$ 162,911	\$ 110,655	\$ 1,158,810	\$ 115,881
Net OPEB liabilities	981,229	-	981,229	260,941	355,222	886,948	-
Lease liabilities	6,452,921	-	6,452,921	413,303	774,647	6,091,577	690,014
Subscription liabilities	140,365	-	140,365	139,054	159,025	120,394	63,930
Total liabilities	\$ 8,667,848	\$ 13,221	\$ 8,681,069	\$ 976,209	\$ 1,399,549	\$ 8,257,729	\$ 869,825

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

Year Ended June 30	Lease Liabilities		Subscription Liabilities	
	Principal	Interest	Principal	Interest
2026	\$ 690,014	\$ 81,865	\$ 63,930	\$ 2,651
2027	666,048	72,931	56,464	1,164
2028	617,941	64,127	-	-
2029	550,444	55,842	-	-
2030	542,523	47,819	-	-
2031 - 2035	2,811,993	117,147	-	-
2036	212,614	358	-	-
Total	\$ 6,091,577	\$ 440,089	\$ 120,394	\$ 3,815

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DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Details of long-term indebtedness are as follows:

	<u>Total Amount</u>
<i><u>Lease Liabilities:</u></i>	
\$253,207 automobile leases (fifteen) issued July 1, 2021, due in monthly installments of \$5,356 through October 31, 2025, interest at 0.56%	\$ 19,688
\$125,802 automobile leases (five) issued July 1, 2021, due in monthly installments of \$2,463 through January 31, 2026 interest at 0.69%	16,224
\$52,142 automobile leases (two) issued July 1, 2021, due in monthly installments of \$1,002 through February 28, 2026, interest at 0.69%	7,548
\$53,037 automobile leases (six) issued April 12, 2022, due in monthly installments of \$2,468 through May 31, 2027, interest at 2.29%	49,106
\$99,595 building lease issued August 1, 2024, due in monthly installments of \$2,783 through July 31, 2027, interest at 0.41%	69,270
\$19,936 copier lease issued February 11, 2025, due in monthly installments of \$337 through February 28, 2030, interest at 0.56%	18,616
\$8,163 copier lease issued March 24, 2025, due in monthly installments of \$138 through April 17, 2030, interest at 0.56%	7,757
\$8,544 copier lease issued October 24, 2024, due in monthly installments of \$144 through November 7, 2029, interest at 0.56%	7,415
\$277,065 building lease issued March 1, 2025, due in monthly installments of \$7,696 through February 29, 2028, interest at 0.25%	246,280
\$7,374,379 building lease issued July 1, 2021, due in monthly installments of \$35,619 through September 30, 2035, interest at 1.47%	5,543,458
\$50,767 automobile leases (two) issued November 8, 2022, due in monthly installments of \$1,004 through December 8, 2027, interest at 3.25%	25,744
\$30,442 automobile lease issued March 9, 2023, due in monthly installments of \$596 through April 9, 2028, interest at 2.82%	17,395
\$32,098 automobile lease issued February 1, 2024, due in monthly installments of \$623 through January 31, 2029, interest at 2.45%	23,398
\$51,034 automobile leases (two) issued May 1, 2024, due in monthly installments of \$1,008 through May 30, 2029, interest at 2.45%	39,678
Total lease liabilities	<u>\$ 6,091,577</u>

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Details of long-term indebtedness are as follows:

	<u>Total Amount</u>
<i><u>Subscription liabilities:</u></i>	
\$53,686 subscription-based IT arrangement for E-fax, from January 1, 2024 through December 31, 2026, with recurring monthly installments of \$1,550 and interest at 2.67%	\$ 27,319
\$82,497 subscription-based IT arrangement for budgeting software, from December 31, 2024 through December 30, 2027, with recurring annual installments of \$26,500 and interest at 2.19%	55,997
\$39,917 subscription-based IT arrangement for FY28 Debtbook Platform, from May 1, 2025 through August 30, 2028, with recurring annual installments of \$13,650 and interest at 2.61%	26,267
\$14,395 subscription-based IT arrangement for FY29 Emergency messaging, from September 18, 2024 through September 17, 2027, with recurring annual installments of \$4,903 and interest at 2.19%	9,492
\$718 subscription-based IT arrangement for FY28 Website - D19 Internet, from August 1, 2022 through September 30, 2025, with recurring annual installments of \$186 and interest at 2.35%	182
\$2,245 subscription-based IT arrangement for Secure FX Software, from June 30, 2023 through June 30, 2026, with recurring monthly installments of \$96 and interest at 2.50%	<u>1,137</u>
Total subscription liabilities	\$ <u>120,394</u>
Net OPEB liabilities	\$ <u>886,948</u>
Compensated Absences	\$ <u>1,158,810</u>
Total Long-Term Liabilities	\$ <u><u>8,257,729</u></u>

NOTE 14 - NET PATIENT REVENUE SOURCES

Net Patient Revenues for 2025 were from the following sources:

Medicaid	\$ 5,895,704
Direct Client & Third Parties	<u>74,583</u>
Total	<u><u>\$ 5,970,287</u></u>

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2025

NOTE 15 - UPCOMING PRONOUNCEMENTS

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in **NOTE 15 - UPCOMING PRONOUNCEMENTS (Continued)**

the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2025, the Board implemented GASB Statement No. 101, *Compensated Absences*. This Statement establishes recognition and measurement guidance for compensated absences that are attributable to services already rendered and that are expected to be paid or settled. Implementation of this Statement required the recognition of a liability for certain leave benefits previously unrecorded or measured differently under prior standards.

The adoption of GASB 101 resulted in a restatement of beginning net position as shown in Note 17 below.

NOTE 17 - RESTATEMENT OF BEGINNING BALANCES

The beginning net position as of July 1, 2024, has been restated to reflect the cumulative effect of implementing GASB Statement No. 101, *Compensated Absences*, and to correct prior period errors related to the treatment of fixed assets that were previously expensed rather than capitalized.

The impact of these adjustments on beginning net position is as follows:

Net position, July 1, 2024, as previously stated	\$ 14,448,529
Implementation of GASB 101:	
Compensation of absences liability	(13,221)
Capitalization of previously expensed equipment	30,045
Accumulated depreciation of previously expensed equipment	<u>(6,009)</u>
Net position, July 1, 2024, as restated	<u>\$ 14,459,344</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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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, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 818,722	\$ 807,922	\$ 782,128	\$ 771,077	\$ 797,586	\$ 762,836	\$ 780,347	\$ 838,726	\$ 925,010	\$ 901,004
Interest	2,750,659	2,714,959	2,635,904	2,455,046	2,309,655	2,192,881	2,111,354	2,041,818	1,972,594	1,879,617
Differences between expected and actual experience	697,795	(931,638)	(238,126)	(935,662)	779,284	471,760	(271,104)	(308,391)	(710,160)	(394,296)
Changes of assumptions	-	-	-	1,480,356	-	1,060,832	-	(177,279)	-	-
Benefit payments	(2,141,090)	(2,005,196)	(2,063,859)	(1,683,249)	(1,781,943)	(1,414,195)	(1,497,643)	(1,305,372)	(1,091,689)	(1,024,457)
Net change in total pension liability	\$ 2,126,086	\$ 586,047	\$ 1,116,047	\$ 2,087,568	\$ 2,104,582	\$ 3,074,114	\$ 1,122,954	\$ 1,089,502	\$ 1,095,755	\$ 1,361,868
Total pension liability - beginning	41,002,331	40,416,284	39,300,237	37,212,669	35,108,087	32,033,973	30,911,019	29,821,517	28,725,762	27,363,894
Total pension liability - ending (a)	\$ 43,128,417	\$ 41,002,331	\$ 40,416,284	\$ 39,300,237	\$ 37,212,669	\$ 35,108,087	\$ 32,033,973	\$ 30,911,019	\$ 29,821,517	\$ 28,725,762
Plan fiduciary net position										
Contributions - employer	\$ 202,995	\$ 213,581	\$ 235,886	\$ 236,359	\$ 131,876	\$ 139,397	\$ 250,447	\$ 251,671	\$ 373,560	\$ 388,690
Contributions - employee	440,130	428,010	421,260	422,740	417,228	422,077	442,715	448,728	440,678	448,201
Net investment income	4,470,686	2,874,799	(30,914)	10,167,322	717,498	2,413,602	2,557,090	3,824,651	544,770	1,376,722
Benefit payments	(2,141,090)	(2,005,196)	(2,063,859)	(1,683,249)	(1,781,943)	(1,414,195)	(1,497,643)	(1,305,372)	(1,091,689)	(1,024,457)
Administrator charges	(30,697)	(29,164)	(29,245)	(25,609)	(25,068)	(24,184)	(22,322)	(22,260)	(19,417)	(18,769)
Other	883	1,153	1,060	956	(844)	(1,516)	(2,263)	(3,394)	(231)	(292)
Net change in plan fiduciary net position	\$ 2,942,907	\$ 1,483,183	\$ (1,465,812)	\$ 9,118,519	\$ (541,253)	\$ 1,535,181	\$ 1,728,024	\$ 3,194,024	\$ 247,671	\$ 1,170,095
Plan fiduciary net position - beginning	46,582,731	45,099,548	46,565,360	37,446,841	37,988,094	36,452,913	34,724,889	31,530,865	31,283,194	30,113,099
Plan fiduciary net position - ending (b)	\$ 49,525,638	\$ 46,582,731	\$ 45,099,548	\$ 46,565,360	\$ 37,446,841	\$ 37,988,094	\$ 36,452,913	\$ 34,724,889	\$ 31,530,865	\$ 31,283,194
Board's net pension liability (asset) - ending (a) - (b)	\$ (6,397,221)	\$ (5,580,400)	\$ (4,683,264)	\$ (7,265,123)	\$ (234,172)	\$ (2,880,007)	\$ (4,418,940)	\$ (3,813,870)	\$ (1,709,348)	\$ (2,557,432)
Plan fiduciary net position as a percentage of the total pension liability	114.83%	113.61%	111.59%	118.49%	100.63%	108.20%	113.79%	112.34%	105.73%	108.90%
Covered payroll	\$ 9,692,375	\$ 9,404,859	\$ 9,002,375	\$ 9,069,845	\$ 8,962,005	\$ 8,897,911	\$ 8,704,677	\$ 8,290,330	\$ 8,787,778	\$ 8,995,323
Board's net pension liability (asset) as a percentage of covered payroll	-66.00%	-59.34%	-52.02%	-80.10%	-2.61%	-32.37%	-50.77%	-46.00%	-19.45%	-28.43%

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Employer Contributions

Pension Plan

For the Years Ended June 30, 2016 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)*</u>	<u>Contributions in Relation to Contractually Required Contribution (2)*</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2025	\$ 165,581	\$ 165,581	\$ -	\$ 10,221,038	\$ 1.62%
2024	204,151	204,151	-	9,692,375	2.11%
2023	216,873	216,873	-	9,404,859	2.31%
2022	243,018	243,018	-	9,002,375	2.70%
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%

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Required Supplementary Information

Pension Plan

For the Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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 2024

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 (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
2024	0.03807% \$	424,832 \$	9,774,883	4.35%	73.41%
2023	0.04005%	480,325	9,433,949	5.09%	69.30%
2022	0.04140%	498,376	9,002,375	5.54%	67.21%
2021	0.04400%	511,697	9,073,887	5.64%	67.45%
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, 2016 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2025	\$ 48,138	\$ 48,138	\$ -	\$ 10,242,071	0.47%
2024	52,784	52,784	-	9,774,883	0.54%
2023	50,943	50,943	-	9,433,949	0.54%
2022	48,613	48,613	-	9,002,375	0.54%
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%

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Required Supplementary Information

Group Life Insurance (GLI) Plan

For the Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

DISTRICT 19 COMMUNITY SERVICE BOARD

Schedule of Changes in the Board's Net OPEB Liability (Asset) and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability								
Service cost	\$ 5,750	\$ 5,865	\$ 14,298	\$ 9,713	\$ 9,351	\$ 9,095	\$ 9,203	\$ 10,012
Interest	26,770	25,207	25,015	23,826	23,637	22,455	21,534	20,993
Differences between expected and actual experience	(45,495)	15,085	1,578	(9,964)	(5,664)	10,330	2,124	-
Changes in assumptions	-	-	(4,893)	5,978	-	8,614	-	(9,068)
Benefit payments	(23,521)	(22,254)	(27,195)	(25,264)	(23,795)	(18,414)	(20,984)	(7,435)
Net change in total HIC OPEB liability	\$(36,496)	\$23,903	\$8,803	\$4,289	\$3,529	\$32,080	\$11,877	\$14,502
Total HIC OPEB Liability - beginning	402,603	378,700	369,897	365,608	362,079	329,999	318,122	303,620
Total HIC OPEB Liability - ending (a)	\$366,107	\$402,603	\$378,700	\$369,897	\$365,608	\$362,079	\$329,999	\$318,122
Plan fiduciary net position								
Contributions - employer	\$ 11,630	\$ 11,287	\$ 13,504	\$ 13,605	\$ 13,443	\$ 13,346	\$ 12,183	\$ 11,607
Net investment income	35,458	21,522	720	78,789	6,170	18,950	20,288	29,550
Benefit payments	(23,521)	(22,254)	(27,195)	(25,264)	(23,795)	(18,414)	(20,984)	(7,435)
Administrator charges	(482)	(502)	(642)	(904)	(581)	(413)	(471)	(485)
Other	-	750	13,998	-	(3)	(22)	(1,478)	1,478
Net change in plan fiduciary net position	\$23,085	\$10,803	\$385	\$66,226	\$(4,766)	\$13,447	\$9,538	\$34,715
Plan fiduciary net position - beginning	383,005	372,202	371,817	305,591	310,357	296,910	287,372	252,657
Plan fiduciary net position - ending (b)	\$406,090	\$383,005	\$372,202	\$371,817	\$305,591	\$310,357	\$296,910	\$287,372
Board's net HIC OPEB liability (asset) - ending (a) - (b)	\$(39,983)	\$19,598	\$6,498	\$(1,920)	\$60,017	\$51,722	\$33,089	\$30,750
Plan fiduciary net position as a percentage of the total HIC OPEB liability	110.92%	95.13%	98.28%	100.52%	83.58%	85.72%	89.97%	90.33%
Covered payroll	\$ 9,692,375	\$ 9,404,859	\$ 9,002,375	\$ 9,069,845	\$ 8,962,005	\$ 8,997,911	\$ 8,704,677	\$ 8,290,330
Board's net HIC OPEB liability (asset) as a percentage of covered payroll	-0.41%	0.21%	0.07%	-0.02%	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, 2016 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2025	\$ 6,133	\$ 6,133	\$ -	\$ 10,221,038	0.06%
2024	11,631	11,631	-	9,692,375	0.12%
2023	11,286	11,286	-	9,404,859	0.12%
2022	13,504	13,504	-	9,002,375	0.15%
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%

DISTRICT 19 COMMUNITY SERVICE BOARD

Notes to Required Supplementary Information

Health Insurance Credit (HIC) Plan

For the Year Ended June 30, 2025

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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

DISTRICT 19 COMMUNITY SERVICE BOARD

Schedule of Changes in Total OPEB Liability and Related Ratios - Medical and Dental OPEB Plan

For the Measurement Dates of June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 29,614	\$ 32,501	\$ 36,735	\$ 42,933	\$ 40,909	\$ 44,238	\$ 43,851	\$ 44,726
Interest	19,330	25,664	24,118	15,933	16,131	33,980	35,547	31,975
Economic/demographic gains or losses	-	(198,513)	-	(32,688)	-	(133,439)	-	-
Changes in assumptions	(29,649)	(26,570)	24,431	(12,401)	1,627	(136,289)	20,290	(20,448)
Benefit payments	(38,485)	(44,396)	(73,811)	(54,452)	(51,391)	(40,805)	(54,475)	(46,505)
Net change in total OPEB liability	\$ (19,190)	\$ (211,314)	\$ 11,473	\$ (40,675)	\$ 7,276	\$ (232,315)	\$ 45,213	\$ 9,748
Total OPEB liability - beginning	481,306	692,620	681,147	721,822	714,546	946,861	901,648	891,900
Total OPEB liability - ending	\$ 462,116	\$ 481,306	\$ 692,620	\$ 681,147	\$ 721,822	\$ 714,546	\$ 946,861	\$ 901,648
Covered payroll	\$ 9,438,264	\$ 9,438,264	\$ 9,518,937	\$ 9,518,937	\$ 9,106,189	\$ 8,666,815	\$ 8,744,100	\$ 8,744,100
Board's total OPEB liability as a percentage of covered payroll	4.90%	5.10%	7.28%	7.16%	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, 2025

Valuation Date: 7/1/2023
Measurement Date: 6/30/2025

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	5.20%
Actuarial cost method	Entry Age Normal
Medical Trend Rate	6.30% for fiscal 2025, then grading to an ultimate rate of 3.90% for fiscal 2073 and later
Salary increase including inflation	5.35% for 1-2 years of service, 4.75% for 3 years of service, then grading to an ultimate rate of 3.50% for 20+ years

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**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, 2025, 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 26, 2025.

Report on 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 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 or significant deficiencies may exist that were not identified.

Report on 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.



Richmond, Virginia
November 26, 2025



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited District 19 Community Services Board's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of District 19 Community Services Board's major federal programs for the year ended June 30, 2025. 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.

In our opinion, District 19 Community Services Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of District 19 Community Services Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of District 19 Community Services Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to District 19 Community Services Board's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on District

19 Community Services Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about District 19 Community Services Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding District 19 Community Services Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of District 19 Community Services Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of District 19 Community Services Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 26, 2025

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

<u>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Education:			
Pass-Through Payments:			
VA Department of Behavioral Health and Developmental Services:			
Special Education- Grants for Infants and Families	84.181	43087-0090; 43088-0090	\$ <u>69,476</u>
Department of Health and Human Services:			
Pass-Through Payments:			
VA Department of Behavioral Health and Developmental Services:			
Opioid STR	93.788	53006-0090	\$ 84,967
Block Grants for Community Mental Health Services	93.958	59002-0090; 52203-0090 52204-0000	188,270
Block Grants for Prevention and Treatment of Substance Abuse	93.959	50273-0090; 50274-0090 50253-0090; 50254-0090 52203-0090; 52204-0000	1,638,881
COVID-19 - American Rescue Plan Block Grants for Prevention and Treatment of Substance Abuse	93.959	59912-0090	26,302
Total AL# 93.959			\$ <u>1,665,183</u>
Total Department of Health and Human Services			\$ 1,938,420
Total Expenditures of Federal Awards			\$ <u><u>2,007,896</u></u>

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, 2025

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, 2025. 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 15-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note C - Subrecipients

No awards were passed through to subrecipients.

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Findings and Questioned Costs
As of June 30, 2025

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:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.959	Block Grants for Prevention and Treatment of Substance Abuse

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

Auditee qualified as low-risk auditee? ✓ 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, 2025**

There were no items reported.

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