ALLEGHANY HIGHLANDS
COMMUNITY SERVICES BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

ALLEGHANY HIGHLANDS COMMUNITY SERVICES BOARD
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

List of Board Members

Diane Garcia

Brenda Woodie

Robin Sweeney

Stephanie Clark

Lisa Hicks

Robert McCallister

Nolan Nicely, Jr.

Shawn Wright

Teresa Johnson

FINANCIAL SECTION

Independent Auditors' Report

To the Honorable Members of
Alleghany Highlands Community Services Board
Covington, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Alleghany Highlands Community Services Board, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Alleghany Highlands Community Services Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Alleghany Highlands Community Services Board, as of June 30, 2024, 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 Alleghany Highlands 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alleghany Highlands 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, *Governmental 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, *Governmental 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 Alleghany Highlands 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 Alleghany Highlands 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.

Report on Summarized Comparative Information

We have previously audited Alleghany Highlands Community Services Board's 2023 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated, September 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Alleghany Highlands Community Services Board's basic financial statements. The combining financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are 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 combining financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024, on our consideration of Alleghany Highlands 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 Alleghany Highlands 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 Alleghany Highlands Community Services Board's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
September 19, 2024

Our discussion and analysis of the Alleghany Highlands Community Services Board's, "CSB", financial performance provides an overview of the CSB's financial activities for the fiscal year ended June 30, 2024. Please read this information in conjunction with the CSB's financial statements.

FINANCIAL HIGHLIGHTS

The Alleghany Highlands Community Services Board's financial statements are reported on the full accrual basis as required by GASB Statement 34. On this basis, the CSB reported total revenues of $13,756,802 and expenses of $11,484,146 for the year ended June 30, 2024.

The CSB's financial statements include the Alleghany Highlands Community Services Board Foundation, which is considered to be a component unit of the CSB.

The FY 2024 Performance Contract issued by the Virginia Department of Behavioral Health and Developmental Services to the CSB requires the reporting of financial information on a cash or budgetary basis and requires certain unspent funds from the prior year to be reported as income in the current year. On the basis as reported to the State, the CSB had revenues in excess of expenditures by $3,067,357. The difference in the increase in net position as reported on the accrual statement of revenues, expenses and changes in net position of $878,291 is mainly attributed to the different treatment of certain restricted federal and state funds and recognition of certain long-term liabilities. Restricted federal and state funds are included in unearned revenue and not included in net revenues on the accrual basis of reporting.

The CSB's net position totaled $9,429,665 of which $5,756,549 is available to spend at the discretion of the CSB.

Basic Financial Statements

The basic financial statements report information about the CSB using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the CSB's finances is "is the CSB better or worse off as a result of the year's activities?" The CSB presents three basic financial statements to help answer this question. These are (1) a Statement of Net Position; (2) a Statement of Revenues, Expenses and Changes in Net Position; and (3) a Statement of Cash Flows.

The statements report the CSB's net position and changes in it. One can think of the CSB's net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) as one way to measure the CSB's financial health, or financial position. The Statement of Net Position serves the additional purpose of describing the balances left at year end that are available for spending and any restriction that applies to those balances. Over time, increases or decreases in the CSB's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors will need to be considered; however, such as changing consumer needs and competition for services, to assess the overall financial health of the CSB. The statement of Cash Flows identifies the changes in the cash balances of the CSB and reconciles the change in net position to the cash flows provided and used by the CSB.

Financial Analysis

Financial Position - A summary of the CSB's Statement of Net Position for the years ended June 30, 2024 and 2023 is presented below:

Condensed Statement of Net Position

	2024	2023
Current Assets	$ 8,568,439	$ 6,182,236
Assets Limited as to Use	20,422	11,086
Net Pension Asset	520,065	207,941
Capital Assets	3,591,176	3,169,865
Total Assets	$ 12,700,102	$ 9,571,128
Deferred Outflows of Resources	$ 254,702	$ 323,239
Total Assets and Deferred Outflows of Resources	$ 12,954,804	$ 9,894,367
Current Liabilities	$ 2,491,169	$ 1,618,274
Other Liabilities	20,422	11,086
Long-term Liabilities	663,431	739,874
Total Liabilities	$ 3,175,022	$ 2,369,234
Deferred Inflows of Resources	$ 350,117	$ 368,124
Net Position:		
Net Investment in Capital Assets	$ 3,153,051	$ 2,765,100
Restricted	520,065	207,941
Unrestricted	5,756,549	4,183,968
Total Net Position	$ 9,429,665	$ 7,157,009
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 12,954,804	$ 9,894,367

Change in Net Position - A summary of the CBS's Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2024 and 2023 is presented below:

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2024	2023
Operating Revenues	$ 6,008,384	$ 5,401,261
Operating Expenses	(11,469,296)	(10,368,314)
Operating Income (Loss)	$ (5,460,912)	$ (4,967,353)
Non-Operating Revenues (Expenses)	7,733,568	5,845,644
Change in Net Position	$ 2,272,656	$ 878,291

Operating income is defined as the amount of revenue received from providing patient services. Operating income increased 11% in 2024 from 2023 as compared to a decrease of approximately 1% decrease from 2022 to 2023. This was largely due to an increase in reimbursement collections.

Operating expenses are the direct expenses incurred in the operation of the CSB, including salaries and benefits, rent and facility expenses, contractual expenses, consumer service expenses, and depreciation. (See the Statement of Revenues, Expenses, and Changes in Net Position for detail and amounts of these operating expenses.) From 2023 to 2024, operating expenses increased 11%, and from 2022 to 2023, there was an increase of approximately 14%.

Non-operating income includes appropriations and grants from federal, state, and local governments, contributions and grants from other foundations and local agencies, and interest income. Non-operating income increased by approximately 22% from 2023 to 2024 and increased by approximately 18% from 2022 to 2023. The following table details the percentage of the non-operating revenues (expenses) by source.

	2024	2023
Commonwealth of Virginia	69.34%	65.29%
Federal grants	24.72%	26.31%
Local governments	4.36%	6.53%
Other, contributions, grants	.09 %	.97%
Interest income	1.49%	.89%
Total non-operating revenue (expense)	100.00%	100.00%

Net position increased $2,272,656 in 2024 as compared to an increase of $878,291 in 2023. In 2024, operating expenses increased by approximately 11% while combined operating and non-operating revenue increased by approximately 25% from 2023.

Cash Flows - A summary of the CSB’s Statement of Cash Flows for the years ended June 30, 2024 and 2023 is presented below.

Condensed Statement of Cash Flows

	2024	2023
Cash flows from operating activities	$ (5,362,404)	$ (4,462,763)
Cash flows from non-capital activities	8,484,421	4,752,832
Cash flows from capital activities	(773,994)	(475,339)
Cash flows from investing activities	(4,947,444)	52,135
Net Increase (Decrease) in Cash and Cash Equivalents	$ (2,599,421)	$ (133,135)
Cash, Beginning of Year	5,535,048	5,668,183
Cash, End of Year	$ 2,935,627	$ 5,535,048

(continued)

Cash flows from operating activities represent the change in net position adjusted for any non-cash transactions and any changes in asset and liability accounts. Examples of non-cash transactions are depreciation and the provision for uncollectible accounts. Cash flows from non-capital activities consist of the elements of non-operating income. Cash flows from capital activities include capital asset purchases by the CSB. Cash flows from investing activities are made up of interest income and any transactions involving investments. (See the Statements of Cash Flows for detail and amounts of cash flow transactions.) In 2024, the net decrease in cash and cash equivalents was $2,599,421 as compared to a decrease of $133,135 in 2023.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the Alleghany Highlands Community Services Board has net capital assets of $3,591,176. The original cost of these assets is $7,360,601 and the accumulated depreciation and amortization on these assets is $3,769,425. Of the total capital assets, land, buildings, and building improvements account for 66.99%, while computers, office equipment, and furniture and fixtures account for 6.80%, vehicles account for 18.38%, and leased equipment and subscription assets accounted for the remaining 7.83%.

Debt Administration

The Alleghany Highlands Community Services Board has available an unsecured line of credit agreement in the amount of $100,000 with a local financial institution. Borrowings will accrue interest at a variable rate based on the wall street journal prime daily rate. The line of credit is subject to annual review and renewal.

Economic Factors

State and federal revenues account for approximately 54% of the revenue of the CSB. Due to uncertainties surrounding amounts appropriated by the state and federal governments and especially due to current budget constraints, the CSB continues to strive to increase the fee revenue percentage in order to ensure financial support for programs. The CSB is also dependent on other factors, including Medicaid regulations and third-party insurance reimbursement policies. Approximately 50-60% of fee revenue is derived from Medicaid billings. Changes in Medicaid law and regulation could have a negative impact on CSB revenues. The CSB, in addition to increasing fee revenue, continues to review expenditures for cost saving opportunities and more efficient operating conditions.

Contacting the CSB's Financial Management

This financial report is designed to provide our citizens, taxpayers, consumers, creditors and funding sources with a general overview of the CSB's finances and to demonstrate the CSB's accountability for the money it receives. Questions concerning this report or requests for additional information should be made directly to Ingrid W. Barber, Executive Director or Patty Flanagan, Finance Director at 205 East Hawthorne Street, Covington, VA 24426 (Telephone (540) 965-2135) ext. 102.

Basic Financial Statements

Alleghany Highlands Community Services Board
Statement of Net Position
As of June 30, 2024
(With Comparative Totals for June 30, 2023)

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,915,205	$ 5,523,962
Certificates of deposit	5,062,510	-
Accounts receivable (net of allowance for doubtful accounts)	335,243	394,737
Due from federal government	244,062	257,953
Prepaid items	11,419	5,584
Total current assets	$ 8,568,439	$ 6,182,236
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents - restricted	$ 20,422	$ 11,086
Net pension asset	$ 520,065	$ 207,941
Capital Assets:		
Non-depreciable assets	$ 620,928	$ 545,904
Depreciable assets	2,970,248	2,623,961
Total capital assets	$ 3,591,176	$ 3,169,865
Total noncurrent assets	$ 4,131,663	$ 3,388,892
Total assets	$ 12,700,102	$ 9,571,128
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$ 190,691	$ 264,324
OPEB related items	64,011	58,915
Total deferred outflows of resources	$ 254,702	$ 323,239
Total assets and deferred outflows of resources	$ 12,954,804	$ 9,894,367
LIABILITIES		
Current liabilities:		
Accounts payable	$ 93,334	$ 101,339
Accrued interest payable	656	520
Accrued liabilities	39,033	32,022
Unearned revenues	1,966,590	1,114,698
Accrued payroll	152,503	129,813
Notes payable, current portion	31,352	30,080
Lease liabilities, current portion	14,932	16,065
Subscription liabilities, current portion	125,851	98,183
Compensated absences, current portion	66,918	95,554
Total current liabilities	$ 2,491,169	$ 1,618,274
Noncurrent liabilities:		
Notes payable, net of current portion	$ 101,340	$ 132,624
Lease liabiities, net of current portion	25,507	41,658
Subscription liabilities, net of current portion	139,143	86,155
Compensated absences, net of current portion	200,754	286,661
Liability for funds held in trust	20,422	11,086
Net OPEB Liability	196,687	192,776
Total noncurrent liabilities	$ 683,853	$ 750,960
Total liabilities	$ 3,175,022	$ 2,369,234
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$ 317,016	$ 320,743
OPEB related items	33,101	47,381
Total deferred inflows of resources	$ 350,117	$ 368,124
NET POSITION		
Net investment in capital assets	$ 3,153,051	$ 2,765,100
Restricted - net pension asset	520,065	207,941
Unrestricted	5,756,549	4,183,968
Total net position	$ 9,429,665	$ 7,157,009
Total liabilities, deferred inflows of resources, and net position	$ 12,954,804	$ 9,894,367

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

Exhibit 2

Alleghany Highlands Community Services Board
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024
(With Comparative Totals for June 30, 2023)

	2024	2023
Operating revenues:		
Medicaid/Medicare fees	$ 3,316,538	$ 2,881,392
Client, insurance and other fees	2,664,628	2,478,440
Contributions	27,218	41,429
Total operating revenues	$ 6,008,384	$ 5,401,261
Operating expenses:		
Personnel	$ 8,353,826	$ 7,490,647
Staff development	238,159	162,483
Facilities	498,335	419,794
Equipment/supplies	433,304	476,472
Travel	101,867	75,540
Client services	402,536	452,461
Contract services	840,170	752,005
Miscellaneous	215,056	203,493
Depreciation and amortization	386,043	335,719
Total operating expenses	$ 11,469,296	$ 10,368,614
Operating income (loss)	$ (5,460,912)	$ (4,967,353)
Nonoperating revenue (expense):		
Interest income	$ 115,066	$ 52,135
Interest expense	(14,850)	(14,977)
Other grants	-	20,000
Other income	21,959	19,897
Recovered costs	-	31,480
Intergovernmental revenues:		
Commonwealth of Virginia	5,362,079	3,817,088
Federal Government	1,911,782	1,538,010
Local Governments	337,532	382,011
Total nonoperating revenue (expense)	$ 7,733,568	$ 5,845,644
Change in net position	$ 2,272,656	$ 878,291
Net position, beginning of year	7,157,009	6,278,718
Net position, end of year	$ 9,429,665	$ 7,157,009

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

Exhibit 3

Alleghany Highlands Community Services Board
Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for June 30, 2023)

	2024	2023
Cash flows from operating activities:		
Receipts from individuals served and users	$ 6,077,214	$ 5,464,732
Cash paid to suppliers for goods and services	(2,505,108)	(2,343,237)
Cash paid to employees and for benefits	(8,934,510)	(7,584,258)
Net cash provided by (used for) operating activities	$ (5,362,404)	$ (4,462,763)
Cash flows from noncapital financing activities:		
Intergovernmental revenues	$ 8,477,176	$ 4,695,928
Other income	21,959	71,377
Interest payments	(14,714)	(14,473)
Net cash provided by (used for) noncapital financing acitvities	$ 8,484,421	$ 4,752,832
Cash flows from capital and related financing activities:		
Purchase of capital assets	$ (609,667)	$ (344,469)
Principal payments on notes payable	(30,012)	(28,871)
Principal payments on lease liabilities	(17,284)	(8,858)
Principal payments on subscription liabilities	(117,031)	(93,141)
Net cash provided by (used for) capital and related financing activities	$ (773,994)	$ (475,339)
Cash flows from investing activities:		
Purchase of certificates of deposit	$ (5,000,000)	$ -
Interest income	52,556	52,135
Net cash provided by (used in) investing activities	$ (4,947,444)	$ 52,135
Net increase (decrease) in cash and cash equivalents	$ (2,599,421)	$ (133,135)
Cash and cash equivalents, beginning of year (including restricted cash of $11,086)	5,535,048	5,668,183
Cash and cash equivalents, end of year (including restricted cash of $20,422)	$ 2,935,627	$ 5,535,048
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ (5,460,912)	$ (4,967,353)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	386,043	335,719
Changes in:		
(Increase) decrease in accounts receivable	59,494	90,882
(Increase) decrease in prepaid items	(5,835)	2,218
(Increase) decrease in deferred outflows of resources	68,537	83,795
(Increase) decrease in net pension asset	(312,124)	821,228
Increase (decrease) in accounts payable	(8,005)	34,310
Increase (decrease) in accrued liabilities	7,011	1,021
Increase (decrease) in accrued payroll	22,690	107,385
Increase (decrease) in compensated absences	(114,543)	(14,598)
Increase (decrease) in net OPEB liability	3,911	18,368
Increase (decrease) in deferred inflows of resources	(18,007)	(948,327)
Increase (decrease) in liability for funds held in trust	9,336	(27,411)
Net cash provided by (used for) operating activities	$ (5,362,404)	$ (4,462,763)
Schedule of non-cash capital and related financing activities:		
Subscription asset	$ 230,685	$ -
Subscription liability issuance	197,687	-
Lease liability issuance	-	61,026

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

NOTE 1 - Summary of Significant Accounting Policies

A. Organization
The Alleghany Highlands Community Services Board (CSB) operates as an agency for the County of Alleghany and the City of Covington in the establishment and operation of community mental health, mental retardation, and substance abuse programs as provided for in Chapter 10 of Title 37.1 of the Code of Virginia, relating to the Virginia Department of Behavioral Health and Developmental Services.

B. Financial Reporting Entity
The CSB has adopted the provisions of the Governmental Accounting Standards Board in determining component units to be reported. These provisions provide guidance to determine whether certain organizations should be reported as a component unit based on the nature and significance of their relationship with the CSB. Generally, it requires reporting as a component unit any organization that raises and holds economic resources for the direct benefit of the CSB. The financial statements include all funds, agencies, boards, commissions, and authorities that the CSB has determined should be included as a component unit. The blended component unit discussed below is included in the CSB's reporting entity because of the significance of their operational or financial relationship with the CSB.

- Alleghany Highlands Community Services Board Foundation, a 501(c)(3) corporation that was established by the CSB for general purposes, including to acquire and renovate buildings and equipment for the use of the CSB.

The CSB's financial statements are prepared in accordance with GASB standards. As a result, the financial statements include a Management's Discussion and Analysis (MD&A) section, providing an analysis of the CSB's overall financial position and results of operations. The June 30, 2023 financial data is included for comparative purposes only.

C. Basis of Accounting and Financial Statement Presentation
The CSB 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 financial statements of the CSB have been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America for governmental health care reporting entities.

Pursuant to recommendations by the State Department of Behavioral Health and Developmental Services (DBHDS), local, state, and federal allocations (considered "subsidies" as defined by GASB and DBHDS) which have previously been presented as operating revenues will now and in the future be presented as nonoperating revenues.

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NOTE 1 - Summary of Significant Accounting Policies (Continued)

D. Capital Assets

The CSB capitalizes and depreciates capital assets in excess of $5,000 individually with an estimated useful life of greater than one year. Property and equipment purchased are stated at cost or estimated cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1.R below). Donated property is recorded at acquisition value at the date of donation. Capital assets are depreciated using the straight-line method over the estimated useful lives of property and equipment and the right to use lease equipment as follows:

	Years
Buildings	30
Vehicles	5
Computer equipment	5
Furniture and fixtures	7-10
Leasehold improvement	7-30
Lease equipment	5
Subscription asset	10

E. Restricted Assets

Assets limited as to use include funds held for consumers and funds designated by the Board of Directors for future use. For the year ended June 30, 2024, funds totaled $20,422, consisting entirely of funds held for consumers.

F. Compensated Absences

Employees are entitled to certain compensated absences based upon length of employment. Sick leave, vacation, and certain other compensated absences, vest with the employee and are recorded as an expense when paid. Provisions for the estimated liability for these compensated absences has been recorded in the financial statements.

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, disclosures 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. Net Client Service Revenue

Net client service revenue is recorded at scheduled rates when services are rendered. Allowances and provisions for uncollectible accounts and contractual adjustments, as well as charges for charity services, are deducted to arrive at net client service revenue. Retroactive adjustments, if any, are reported in operations in the year of settlement.

I. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Board. For purposes of the statement of cash flows, the Board considers their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

J. Financial Assistance and Allowance for Uncollectible Accounts
The CSB 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 CSB has established procedures for granting financial assistance in cases of hardship. The granting of financial assistance results in a substantial reduction and/or elimination of charges to individual clients. The allowance for doubtful accounts was $142,349 and $233,172 as of June 30, 2024 and June 30, 2023, respectively.

K. Income Taxes
As a political subdivision of the Commonwealth of Virginia, the CSB is exempt from federal and state income taxes.

L. Budgets and Budgetary Accounting
The CSB annually prepares a budget based on the funding notification received from the Department of Behavioral Health and Developmental Services (DBHDS), the administrating agency for the Commonwealth of Virginia. In addition to the allocation of state and pass-through federal funds, the notification details the matching amounts required from the localities served by the CSB. Amendments to the budget occur when funding adjustments are made by DBHDS in response to data furnished in the CSB's quarterly reports of revenues and expenditures by program area. Combining statements of revenues, expenses, and changes in net position are included in the supplementary information section of this report.

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

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation 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 CSB 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 CSB's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The CSB has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources 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 CSB has one item which qualifies for reporting in this category. Certain items related to pension, OPEB and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

P. Pension

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

Q. Other Postemployment Benefits (OPEB)

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

R. Leases and Subscription-Based IT Agreements

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

NOTE 1 - Summary of Significant Accounting Policies (Continued)

R. Leases and Subscription-Based IT Agreements (SBITA's) (Continued)

Subscriptions
The board recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of $5,000, in 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). The subscription liability is reduced by the principal portion of payments made. The subscription asset is measured at the initial amount of the subscription liability payments made to the SBITA vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. 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 (lessee) 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 receivable, lease liability or subscription liability.

NOTE 2 - Deposits and Investments

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon the 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 CSB 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).

Certificates of deposit totaled $5,062,510 at year-end and are insured by the Virginia Security for Public Deposits Act as previously discussed.

NOTE 3 – Appropriations from Local Governments

Appropriations from local governments consisted of the following at June 30, 2024 and 2023:

	2024	2023
County of Alleghany	$ 205,173	$ 149,730
City of Covington	110,318	82,567
Other Local Sources	22,041	149,714
Total	$ 337,532	$ 382,011

NOTE 4 – Long-term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance
Compensated absences	$ 382,215	$ 180,212	$ (294,755)	$ 267,672
Notes payable from direct borrowings	162,704	-	(30,012)	132,692
Lease lliabilities	57,723	-	(17,284)	40,439
Subscription liabilities	184,338	197,687	(117,031)	264,994
Net OPEB liability	192,776	97,559	(93,648)	196,687
Total	$ 979,756	$ 475,458	$ (552,730)	$ 902,484

The following is a summary of principal and interest payment requirements to amortize long-term debt:

	Notes Payable from Direct Borrowings		Lease Liabilities		Subscription Liabilities	
Year Ended	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 31,352	$ 4,920	$ 14,932	$ 807	$ 125,851	$ 3,734
2026	32,679	3,593	16,037	410	40,605	2,807
2027	34,061	2,211	9,470	58	41,554	1,858
2028	34,600	771	-	-	42,525	877
2029	-	-	-	-	14,459	76
	$ 132,692	$ 11,495	$ 40,439	$ 1,275	$ 264,994	$ 9,352

NOTE 4 – Long-term Obligations (Continued)

Details of the CSB's long-term obligations at June 30, 2024 are as follows:

	Interest Rates	Issue Date	Maturity Date	Original Amount	Balance at 6/30/2024	Due Within One Year
Notes payable from direct borrowings:						
HCB note payable	4.15%	6/26/2020	2028	$ 246,000	$ 132,692	$ 31,352
Lease liabilities						
Copier equipment - Horse Mountain	0.98%	10/1/2020	2026	$ 8,086	$ 2,161	$ 20
Copier equipment - Ricoh	2.49%	1/1/2023	2026	61,025	38,278	14,912
Total lease liabilities					$ 40,439	$ 14,932
Subscription liabilities:						
Credible	3.00%	5/1/2022	2025	$ 292,098	$ 86,154	$ 86,155
Pinnacle	2.31%	10/1/2023	2029	197,687	178,840	39,696
Total subscription liabilities					$ 264,994	$ 125,851
Other long-term obligations:						
Compensated absences	N/A	N/A	N/A	N/A	$ 267,672	$ 66,918
Net OPEB liability	N/A	N/A	N/A	N/A	196,687	-
Total long-term obligations					$ 902,484	$ 239,053

The HCB note payable is collateralized by real property underlying the loan purposes.

In the event of default on the HCB note payable, the lender may declare all indebtedness under this note immediately due and payable without further notice of any kind not withstanding anything contrary to the terms of the note.

The CSB has available an unsecured line of credit agreement in the amount of $100,000 with a local financial institution. Borrowings will accrue interest at a variable rate based on the wall street journal prime daily rate. The line of credit is subject to annual review and renewal. The line of credit was not utilized during fiscal year 2024 and had a zero balance as of June 30, 2024.

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NOTE 5 - Capital Assets

A summary of changes in capital assets for the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable assets:				
Land	$ 545,904	$ 56,100	$ -	$ 602,004
Construction in progress	-	18,924	-	18,924
Total non-depreciable assets	$ 545,904	$ 75,024	$ -	$ 620,928
Depreciable assets:				
Buildings	$ 2,389,830	$ -	$ -	$ 2,389,830
Vehicles	1,126,730	319,048	(93,141)	1,352,637
Leasehold improvement	1,796,192	124,135	-	1,920,327
Computer equipment	222,851	-	-	222,851
Lease equipment	68,268	-	-	68,268
Subscription asset	277,479	230,685	-	508,164
Furniture and fixtures	219,134	58,462	-	277,596
Total depreciable assets	$ 6,100,484	$ 732,330	$ (93,141)	$ 6,739,673
Accumulated depreciation	$ (3,476,523)	$ (386,043)	$ 93,141	$ (3,769,425)
Net capital assets being depreciated	$ 2,623,961	$ 346,287	$ -	$ 2,970,248
Total capital assets	$ 3,169,865	$ 421,311	$ -	$ 3,591,176

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NOTE 6 – Compensated Absences

Employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. The accrual rate for Vacation (Annual Leave) and the maximum amount that an employee may retain for purpose of carrying over leave from one calendar year to the next, or for payout upon separation is listed below.

Years of Service for full-time regular employees	Monthly Accrual Rate (Hours)	Maximum Accumulation (Hours)	Maximum Payout at Termination
Less than 5 years	10.00	192.00	$1,000
5-10 years	12.00	240.00	$1,500
10-15 years	14.00	260.00	$2,000
15-20 years	16.00	280.00	$2,500
20 years and over	18.00	320.00	$3,000

Years of Service for part-time regular employees	Rate Granted on Semi-Annual Basis (Hours)	Maximum Accumulation (Hours)	Maximum Payout at Termination
Less than 10 years	12.00	75.00	$500
10 years and over	24.00	112.5	$1,000

One-fourth of unused sick leave up to a maximum of $1,500 for employees with more than ten years of service may be paid upon termination of employment for retirees. The CSB records vested vacation pay and vested sick leave (retirees only) as an expenditure in the year in which it is earned. The portion of accrued compensation that is estimated to be paid within a one-year period is recorded as a current liability.

The CSB has outstanding accrued leave pay that totals $267,672 and $382,215 as of June 30, 2024 and June 30, 2023, respectively.

NOTE 7 – Unearned Revenue

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. This represents a liability incurred by the CSB for monies accepted from a grantor using the advance method for payment. The unearned revenue totaled $1,966,590 in 2024 and $1,114,698 in 2023. These amounts represent amounts unearned for state and federal grants.

NOTE 8 – Restricted Assets

The CSB manages several clients' funds. The CSB segregates these monies held on behalf of the individuals served and considers itself as fiscal agent for the funds. These funds are shown as an asset titled "Cash and cash equivalents - restricted" and are reflected as a liability titled "Liability for funds held in trust." These accounts totaled $20,422 at June 30, 2024 and $11,086 at June 30, 2023.

NOTE 9 - Pension Plan

Plan Description

All full-time, salaried permanent employees of the Alleghany Highlands Community Services 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 13, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 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.

NOTE 9 - Pension Plan (Continued)

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

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	46
Inactive members:	
Vested inactive members	24
Non-vested inactive members	95
Inactive members active elsewhere in VRS	37
Total inactive members	156
Active members	72
Total covered employees	274

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 CSB's contractually required employer contribution rate for the year ended June 30, 2024 was 5.27% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the CSB were $182,116 and $163,299 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTE 9 - Pension Plan (Continued)

Net Pension Liability (Asset)

The CSB's net pension liability (asset) (NPLA) 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 CSB, the net pension liability (asset) was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions – General Employees

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

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

Mortality rates:

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

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

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

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

NOTE 9 - Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

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

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

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

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NOTE 9 - 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*
Fixed Income	34.00%	6.14%	2.09%
Credit Strategies	15.00%	2.56%	0.38%
Real Assets	14.00%	5.60%	0.78%
Private Equity	14.00%	5.02%	0.70%
MAPS - Multi-Asset Public Strategies	16.00%	9.17%	1.47%
PIP - Private Investment Partnership	4.00%	4.50%	0.18%
Cash	2.00%	7.18%	0.14%
PIP - Private Investment Partnership	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

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

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

NOTE 9 - Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the CSB was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	$ 11,073,249	$ 11,281,190	$ (207,941)
Changes for the year:			
Service cost	$ 300,605	$ -	$ 300,605
Interest	750,666	-	750,666
Differences between expected and actual experience	(309,576)	-	(309,576)
Changes in assumptions	-	-	-
Contributions - employer	-	163,033	(163,033)
Contributions - employee	-	170,955	(170,955)
Net investment income	-	726,751	(726,751)
Benefit payments, including refunds of employees contributions	(505,757)	(505,757)	-
Administrative expenses	-	(7,212)	7,212
Other changes	-	292	(292)
Net changes	$ 235,938	$ 548,062	$ (312,124)
Balances at June 30, 2023	$ 11,309,187	$ 11,829,252	$ (520,065)

NOTE 9 - Pension Plan (Continued)

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

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

		Rate	
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
CSB's Net Pension Liability (Asset)	$ 1,085,457	$ (520,065)	$ (1,782,584)

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

For the year ended June 30, 2024, the Alleghany Highlands Community Services Board recognized pension expense of ($60,370). At June 30, 2024, the Alleghany Highlands Community Services Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,575	$ 144,908
Net difference between projected and actual earnings on pension plan investments	-	172,108
Employer contributions subsequent to the measurement date	182,116	-
Total	$ 190,691	$ 317,016

NOTE 9 - Pension Plan (Continued)

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

$182,116 reported as deferred outflows of resources related to pensions resulting from the CSB's contributions subsequent to the measurement date will be recognized as a reduction (increase) of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30		
2025	$	(261,912)
2026		(214,210)
2027		161,941
2028		5,740

Pension Plan Data

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

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NOTE 10 – 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 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, 2024.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% 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, 2021. 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 Group Life Insurance Plan from the entity were $23,690 and $20,891 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTE 10 – Group Life Insurance (GLI) Plan (OPEB Plan) (Continued)

Contributions (Continued)

In June 2023, the Commonwealth made a special contribution of approximately $10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

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, 2024, the entity reported a liability of $196,687 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023, 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was .01640% as compared to .01601% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of $9,826. 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, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,613	$ 5,970
Net difference between projected and actual earnings on GLI OPEB plan investments	-	7,904
Change in assumptions	4,204	13,627
Changes in proportion	16,504	5,600
Employer contributions subsequent to the measurement date	23,690	-
Total	$ 64,011	$ 33,101

NOTE 10 – 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)

$23,690 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, 2025. 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:

Year Ended June 30		
2025	$	80
2026		(6,221)
2027		6,981
2028		3,656
2029		2,724

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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NOTE 10 – Group Life Insurance (GLI) Plan (OPEB Plan) (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers 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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of June 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NOTE 10 – 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, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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.

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NOTE 10 – Group Life Insurance (GLI) Plan (OPEB Plan) (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.20%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed 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, 2023, 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, 2023 on, employers are assumed 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.

NOTE 10 – Group Life Insurance (GLI) Plan (OPEB Plan) (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
CSB's proportionate share of the GLI Plan Net OPEB Liability	$ 291,552	$ 196,687	$ 119,989

GLI Plan Program Fiduciary Net Position

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

NOTE 11 – Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the state and federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the CSB expects such amounts, if any, to be immaterial. Medicaid billings comprise one of the main sources of operating revenue for the CSB at approximately 55%. Current political and legislative uncertainties relating to Medicaid programs could have a major negative impact on future revenues of the CSB if funding and related programs are eliminated or substantially reduced.

The CSB also receives a significant amount of revenue from federal, state, and local governments. Due to state and local budget uncertainties regarding levels of funding, the CSB conducts ongoing reviews of its budget in an effort to reduce expenses and increase revenue from other sources.

At June 30, 2024, there were no matters of litigation involving the CSB that would materially affect the CSB's financial position should any court decision or pending matter not be favorable to the CSB.

The CSB had no outstanding construction contracts as of June 30, 2024.

NOTE 12 – Risk Management

The CSB is exposed to various risks of loss related to theft, damage and destruction of property, employee injury, malpractice, and errors and omissions. During the fiscal years ended June 30, 2024, the CSB participated in VARISK, a public entity risk pool, for public official liability and medical malpractice liability and VACO (Virginia Association of Counties) Risk Management System for general liability, property coverage, automobile insurance and workers' compensation. In addition, the CSB carries commercial insurance to cover other risks of loss, including employee health and accident insurance. Settled claims have not exceeded this coverage in any of the past three years.

NOTE 13 – Upcoming Pronouncements

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

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

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

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

Required Supplementary Information

Exhibit 4

Alleghany Highlands Community Services Board
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Pension Plan
For the Measurment Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 300,605	$ 259,287	$ 237,955	$ 238,976	$ 238,027	$ 255,237	$ 283,857	$ 292,938	$ 311,174	$ 286,036
Interest	750,666	703,799	630,092	607,101	571,476	542,017	527,676	518,089	495,106	470,674
Differences between expected and actual experience	(309,576)	180,076	105,278	(10,827)	218,897	145,320	(110,099)	(273,994)	(82,343)	-
Changes of assumptions	-	-	347,981	-	277,823	-	(3,487)	-	-	-
Benefit payments	(505,757)	(474,556)	(502,718)	(486,568)	(465,580)	(577,877)	(408,295)	(391,839)	(399,398)	(415,956)
Refunds of contribtutions										
Net change in total pension liability	$ 235,938	$ 668,606	$ 818,588	$ 348,682	$ 840,643	$ 364,697	$ 289,652	$ 145,194	$ 324,539	$ 340,754
Total pension liability - beginning	11,073,249	10,404,643	9,586,055	9,237,373	8,396,730	8,032,033	7,742,381	7,597,187	7,272,648	6,931,894
Total pension liability - ending (a)	$ 11,309,187	$ 11,073,249	$ 10,404,643	$ 9,586,055	$ 9,237,373	$ 8,396,730	$ 8,032,033	$ 7,742,381	$ 7,597,187	$ 7,272,648
Plan fiduciary net position										
Contributions - employer	$ 163,033	$ 124,326	$ 110,573	$ 85,104	$ 89,636	$ 116,009	$ 116,676	$ 180,503	$ 184,604	$ 225,294
Contributions - employee	170,955	218,331	138,927	135,131	135,230	136,148	134,775	138,517	141,066	138,220
Net investment income	726,751	(13,909)	2,493,012	175,223	589,968	633,487	951,956	135,623	345,151	1,032,025
Benefit payments	(505,757)	(474,556)	(502,718)	(486,568)	(465,580)	(577,877)	(408,295)	(391,839)	(399,398)	(415,956)
Administrator charges	(7,212)	(7,079)	(6,276)	(6,121)	(5,949)	(5,612)	(5,537)	(4,829)	(4,724)	(5,554)
Other	292	265	235	(207)	(371)	(556)	(846)	(58)	(73)	55
Net change in plan fiduciary net position	$ 548,062	$ (152,622)	$ 2,233,753	$ (97,438)	$ 342,934	$ 301,599	$ 788,729	$ 57,917	$ 266,626	$ 974,084
Plan fiduciary net position - beginning	11,281,190	11,433,812	9,200,059	9,297,497	8,954,563	8,652,964	7,864,235	7,806,318	7,539,692	6,565,608
Plan fiduciary net position - ending (b)	$ 11,829,252	$ 11,281,190	$ 11,433,812	$ 9,200,059	$ 9,297,497	$ 8,954,563	$ 8,652,964	$ 7,864,235	$ 7,806,318	$ 7,539,692
CSB's net pension liability (asset) - ending (a) - (b)	$ (520,065)	$ (207,941)	$ (1,029,169)	$ 385,996	$ (60,124)	$ (557,833)	$ (620,931)	$ (121,854)	$ (209,131)	$ (267,044)
Plan fiduciary net position as a percentage of the total pension liability	104.60%	101.88%	109.89%	95.97%	100.65%	106.64%	107.73%	101.57%	102.75%	103.67%
Covered payroll	$ 3,847,956	$ 3,480,504	$ 3,087,152	$ 3,009,291	$ 3,008,167	$ 2,995,326	$ 2,898,602	$ 2,894,925	$ 2,902,515	$ 2,774,654
CSB's net pension liability (asset) as a percentage of covered payroll	-13.52%	-5.97%	-33.34%	12.83%	-2.00%	-18.62%	-21.42%	-4.21%	-7.21%	-9.62%

Exhibit 5

Alleghany Highlands Community Services Board
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	$ 182,116	$ 182,116	$ -	$ 4,374,864	4.16%
2023	163,299	163,299	-	3,847,956	4.24%
2022	124,433	124,433	-	3,480,504	3.58%
2021	110,573	110,573	-	3,087,152	3.58%
2020	85,104	85,104	-	3,009,291	2.83%
2019	89,636	89,636	-	3,008,167	2.98%
2018	116,009	116,009	-	2,995,326	3.87%
2017	116,676	116,676	-	2,898,602	4.03%
2016	180,503	180,503	-	2,894,925	6.24%
2015	184,604	184,604	-	2,902,515	6.36%

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

Alleghany Highlands Community Services Board
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2024

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

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

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

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

Alleghany Highlands 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 2023

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2023	0.01640%	$ 196,687	$ 3,862,355	5.09%	69.30%
2022	0.01601%	192,776	3,482,567	5.54%	67.21%
2021	0.01500%	174,408	3,093,733	5.64%	67.45%
2020	0.01463%	244,151	3,017,596	8.09%	52.64%
2019	0.01549%	252,064	3,035,923	8.30%	52.00%
2018	0.01575%	239,000	2,995,326	7.98%	51.22%
2017	0.01572%	237,000	2,898,602	8.18%	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.

Exhibit 8

Alleghany Highlands Community Services Board

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	$ 23,690	$ 23,690	$ -	$ 4,380,709	0.54%
2023	20,891	20,891	-	3,862,355	0.54%
2022	18,806	18,806	-	3,482,567	0.54%
2021	16,706	16,706	-	3,093,733	0.54%
2020	15,656	15,656	-	3,017,596	0.52%
2019	15,787	15,787	-	3,035,923	0.52%
2018	15,593	15,593	-	2,995,326	0.52%
2017	15,083	15,083	-	2,898,602	0.52%
2016	13,947	13,947	-	2,894,925	0.48%
2015	13,932	13,932	-	2,902,515	0.48%

Schedule is intended to show information for 10 years. Information prior to the 2015 valuation is not available. However, additional years will be included as they become available.

Alleghany Highlands Community Services Board
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2024

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

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

Non-Largest Ten Locality Employers - General Employees

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

Other Supplementary Information

Exhibit 10

Alleghany Highlands Community Services Board
Combining Statement of Net Position
June 30, 2024

	Alleghany Highlands Community Services Board	Alleghany Highlands Community Services Board Foundation	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 2,885,625	$ 29,580	$ 2,915,205
Certificates of Deposit	4,049,907	1,012,603	5,062,510
Accounts receivable (net of allowance for doubtful accounts)	335,243	-	335,243
Due from federal government	244,062	-	244,062
Prepaid items	11,419	-	11,419
Total current assets	$ 7,526,256	$ 1,042,183	$ 8,568,439
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents - restricted	$ 20,422	$ -	$ 20,422
Net pension asset	$ 520,065	$ -	$ 520,065
Capital assets:			
Non-depreciable assets	$ 18,924	$ 602,004	$ 620,928
Depreciable assets	1,896,548	1,073,700	2,970,248
Total capital assets	$ 1,915,472	$ 1,675,704	$ 3,591,176
Total noncurrent assets	$ 2,455,959	$ 1,675,704	$ 4,131,663
Total assets	$ 9,982,215	$ 2,717,887	$ 12,700,102
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	$ 190,691	$ -	$ 190,691
OPEB related items	64,011	-	64,011
Total deferred outflows of resources	$ 254,702	$ -	$ 254,702
Total assets and deferred outflows of resources	$ 10,236,917	$ 2,717,887	$ 12,954,804
LIABILITIES			
Current liabilities:			
Accounts payable	$ 93,334	$ -	$ 93,334
Accrued interest payable	656	-	656
Accrued liabilities	39,033	-	39,033
Unearned revenues	1,966,590	-	1,966,590
Accrued payroll	152,503	-	152,503
Notes payable, current portion	31,352	-	31,352
Lease liabilities, current portion	14,932	-	14,932
Subscription liabilities, current portion	125,851	-	125,851
Compensated absences, current portion	66,918	-	66,918
Total current liabilities	$ 2,491,169	$ -	$ 2,491,169
Noncurrent liabilities:			
Notes payable, net of current portion	$ 101,340	$ -	$ 101,340
Lease liabilities, net of current portion	25,507	-	25,507
Subscription liabilities, net of current portion	139,143	-	139,143
Compensated absences, net of current portion	200,754	-	200,754
Liability for funds held in trust	20,422	-	20,422
Net OPEB Liability	196,687	-	196,687
Total noncurrent liabilities	$ 683,853	$ -	$ 683,853
Total liabilities	$ 3,175,022	$ -	$ 3,175,022
DEFERRED INFLOWS OF RESOURCES			
Pension related items	$ 317,016	$ -	$ 317,016
OPEB related items	33,101	-	33,101
Total deferred inflows of resources	$ 350,117	$ -	$ 350,117
NET POSITION			
Net investment in capital assets	$ 1,477,347	$ 1,675,704	$ 3,153,051
Restricted - net pension asset	520,065	-	520,065
Unrestricted	4,714,366	1,042,183	5,756,549
Total net position	$ 6,711,778	$ 2,717,887	$ 9,429,665
Total liabilities, deferred inflows of resources, and net position	$ 10,236,917	$ 2,717,887	$ 12,954,804

Alleghany Highlands Community Services Board
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2024

	Alleghany Highlands Community Services Board	Alleghany Highlands Community Services Board Foundation	Total
Operating revenues:			
Medicaid/Medicare fees	$ 3,316,538	$ -	$ 3,316,538
Client, insurance and other fees	2,664,628	-	2,664,628
Contributions	27,218	-	27,218
Total operating revenues	$ 6,008,384	$ -	$ 6,008,384
Operating expenses:			
Personnel	$ 8,353,826	$ -	$ 8,353,826
Staff development	238,159	-	238,159
Facilities	498,335	-	498,335
Equipment/supplies	433,304	-	433,304
Travel	101,867	-	101,867
Client services	402,536	-	402,536
Contract services	840,170	-	840,170
Miscellaneous	215,056	-	215,056
Depreciation and amortization	287,749	98,294	386,043
Total operating expenses	$ 11,371,002	$ 98,294	$ 11,469,296
Operating income (loss)	$ (5,362,618)	$ (98,294)	$ (5,460,912)
Nonoperating revenue (expense):			
Interest income	$ 102,388	$ 12,678	$ 115,066
Interest expense	(14,850)	-	(14,850)
Other income	21,959	-	21,959
Transfers	(1,250,304)	1,250,304	-
Commonwealth of Virginia	5,362,079	-	5,362,079
Federal Government	1,911,782	-	1,911,782
Local Governments	337,532	-	337,532
Total nonoperating revenue (expense)	$ 6,470,586	$ 1,262,982	$ 7,733,568
Change in net position	$ 1,107,968	$ 1,164,688	$ 2,272,656
Net position, beginning of year	5,603,810	1,553,199	7,157,009
Net position, end of year	$ 6,711,778	$ 2,717,887	$ 9,429,665

Exhibit 12

Alleghany Highlands Community Services Board
Combining Statement of Cash Flows
For the Year Ended June 30, 2024

	Alleghany Highlands Community Services Board	Alleghany Highlands Community Services Board Foundation	Total
Cash flows provided from operating activities:			
Receipts from individuals served and users	$ 6,077,214	$ -	$ 6,077,214
Cash paid to suppliers for goods and services	(2,505,108)	-	(2,505,108)
Cash paid to employees and for benefits	(8,934,510)	-	(8,934,510)
Net cash provided by (used for) operating activities	$ (5,362,404)	$ -	$ (5,362,404)
Cash flows from noncapital financing activities:			
Intergovernmental revenues	$ 8,477,176	$ -	$ 8,477,176
Other income	21,959	-	21,959
Interest payments	(14,714)	-	(14,714)
Net cash provided by (used for) noncapital financing activities	$ 8,484,421	$ -	$ 8,484,421
Cash flows from capital and related financing activities:			
Purchase of capital assets	$ (366,027)	$ (243,640)	$ (609,667)
Transfer	(1,250,304)	1,250,304	-
Principal payments on notes payable	(30,012)	-	(30,012)
Principal payments on lease liabilities	(17,284)	-	(17,284)
Principal payments on subscription liabilities	(117,031)	-	(117,031)
Net cash provided by (used for) capital and related financing activities	$ (1,780,658)	$ 1,006,664	$ (773,994)
Cash flows from investing activities:			
Purchase of certificates of deposit	$ (4,000,000)	$ (1,000,000)	$ (5,000,000)
Interest income	52,481	75	52,556
Net cash provided by (used in) investing activities	$ (3,947,519)	$ (999,925)	$ (4,947,444)
Net increase (decrease) in cash and cash equivalents	$ (2,606,160)	$ 6,739	$ (2,599,421)
Cash and cash equivalents, beginning of year (including restricted cash of $11,086)	5,512,207	22,841	5,535,048
Cash and cash equivalents, end of year (including restricted cash of $20,422)	$ 2,906,047	$ 29,580	$ 2,935,627
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	$ (5,362,618)	$ (98,294)	$ (5,460,912)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	287,749	98,294	386,043
Changes in:			
(Increase) decrease in accounts receivable	59,494	-	59,494
(Increase) decrease in prepaid items	(5,835)	-	(5,835)
(Increase) decrease in deferred outflows of resources	68,537	-	68,537
(Increase) decrease in net pension asset	(312,124)	-	(312,124)
Increase (decrease) in accounts payable	(8,005)	-	(8,005)
Increase (decrease) in accrued liabilities	7,011	-	7,011
Increase (decrease) in accrued payroll	22,690	-	22,690
Increase (decrease) in compensated absences	(114,543)	-	(114,543)
Increase (decrease) in net OPEB liability	3,911	-	3,911
Increase (decrease) in deferred inflows of resources	(18,007)	-	(18,007)
Increase (decrease) in liability for funds held in trust	9,336	-	9,336
Net cash provided by (used for) operating activities	$ (5,362,404)	$ -	$ (5,362,404)
Schedule of non-cash capital and related financing activities:			
Subscription asset	$ 230,685	$ -	$ 230,685
Subscription liability issuance	197,687	-	197,687

COMPLIANCE SECTION

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 Honorable Members of
Alleghany Highlands Community Services Board
Covington, 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 the Alleghany Highlands Community Services Board as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Alleghany Highlands Community Services Board's basic financial statements and have issued our report thereon dated September 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alleghany Highlands 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 the Alleghany Highlands Community Services Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alleghany Highlands 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 the Alleghany Highlands Community Services Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
September 19, 2024

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

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

To the Honorable Members of
Alleghany Highlands Community Services Board
Covington, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alleghany Highlands Community Services Board's compliance with the types of compliance identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Alleghany Highlands Community Services Board's major federal programs for the year ended June 30, 2024. Alleghany Highlands 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, Alleghany Highlands Community Services Board compiled, 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Alleghany Highlands 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 Alleghany Highlands 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 Alleghany Highlands 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 Alleghany Highlands 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 Alleghany Highlands 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 Alleghany Highlands 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 Alleghany Highlands 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 Alleghany Highlands 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

Blacksburg, Virginia
September 19, 2024

Alleghany Highlands Community Services Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/State Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number		Federal Expenditures
Department of Justice:				
Direct Payments:				
Treatment Court Discretionary Grant Program	16.585	Not applicable		$ 72,733
Department of Treasury:				
Pass Through Payments:				
VA Department of Behavioral Health:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not available		$ 190,000
Department of Health and Human Services:				
Pass Through Payments:				
VA Department of Behavioral Health:				
Opioid STR	93.788	1H79TI085746-01/1H79TI085746-01		$ 488,769
Block Grants for Community Mental Health Services	93.958	1B09SM083950-01/1B09SM085998-01/1B09SM087349-01	$ 195,779	
COVID-19 - Block Grants for Community Mental Health Services	93.958	Not available	37,978	233,757
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1B09SM083950-01/1B09SM085998-01/1B09SM087349-01	$ 706,191	
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not available	182,089	888,280
Total Department of Health and Human Services				$ 1,610,806
Department of Education:				
Pass Through Payments:				
VA Department of Behavioral Health:				
Special Education Grants for Infants and Families	84.181	H181A220017/H181A230017		$ 38,243
Total Expenditures of Federal Awards				$ 1,911,782

Note 1 -- Basis of Presentation

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

Note 2 -- 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
(2) Pass-through entity identifying numbers are presented where available.

Note 3 -- Indirect Cost Rate

Alleghany Highlands Community Services Board has elected not to use the 10% de minimus indirect cost rate allowed under Uniform Guidance.

Note 4 -- Subrecipients

The Board did not have any subrecipients for the year ended June 30, 2024.

Note 5 -- Relationship to the Financial Statements

Federal expenditures, revenues, and capital contributions are reported in the Board's basic financial statements as follows:

Total federal expenditures per basic financial statements	$ 1,911,782

Alleghany Highlands Community Services Board
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

There were no prior year audit findings reported.