Rockbridge Area Community Services Board

Lexington, Virginia

Financial Statements

Year Ended June 30, 2021

ROCKBRIDGE AREA COMMUNITY SERVICES BOARD

LEXINGTON, VIRGINIA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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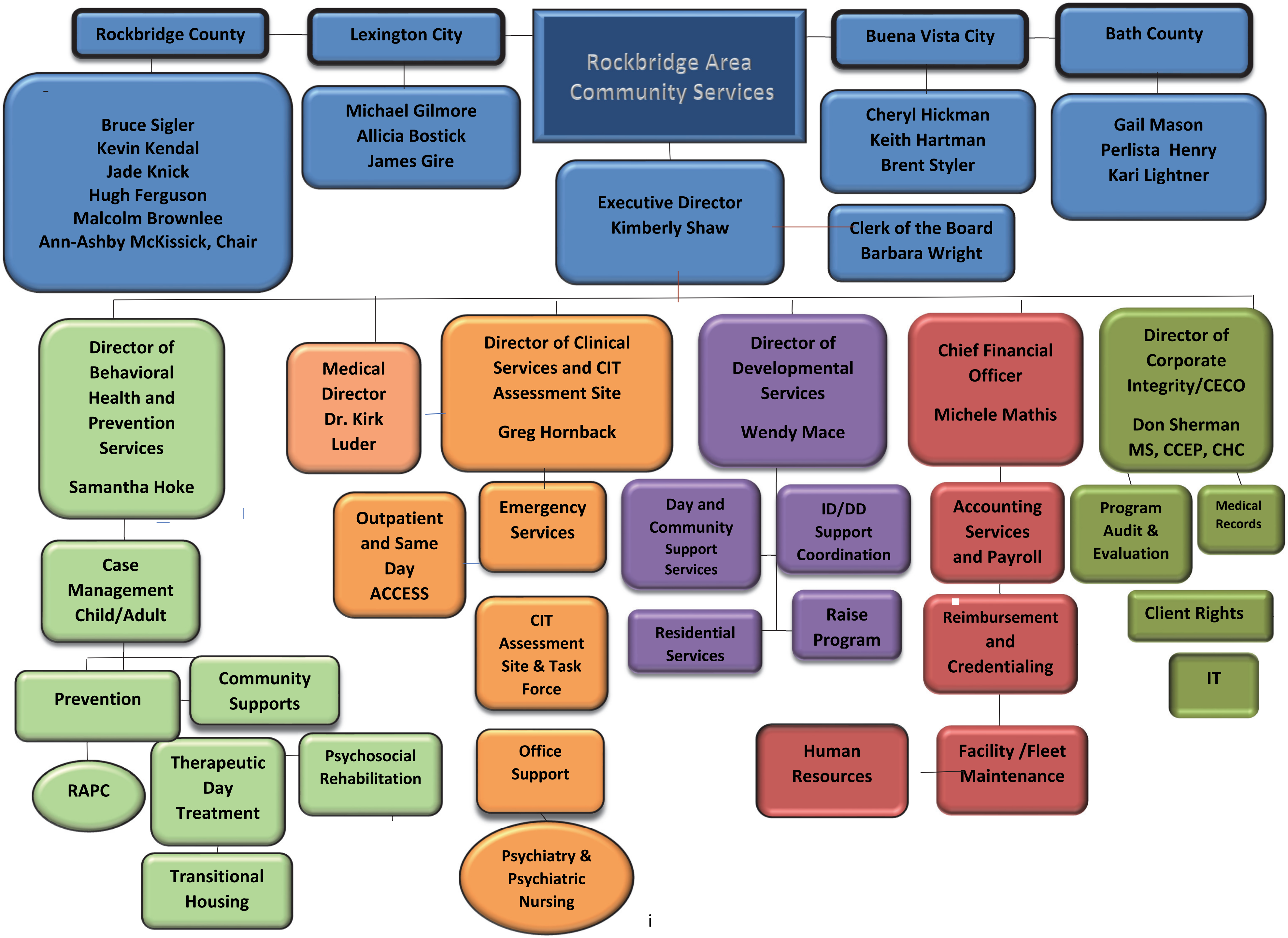
Rockbridge Area Community Services
Rockbridge County
Bruce Sigler
Kevin Kendal
Jade Knick
Hugh Ferguson
Malcolm Brownlee
Ann-Ashby McKissick, Chair
Lexington City
Michael Gilmore
Allicia Bostick
James Gire
Buena Vista City
Cheryl Hickman
Keith Hartman
Brent Styler
Bath County
Gail Mason
Perlista Henry
Kari Lightner
Executive Director
Kimberly Shaw
Clerk of the Board
Barbara Wright
Director of Behavioral Health and Prevention Services
Samantha Hoke
Medical Director
Dr. Kirk Luder
Director of Clinical Services and CIT Assessment Site
Greg Hornback
Director of Developmental Services
Wendy Mace
Chief Financial Officer
Michele Mathis
Director of Corporate Integrity/CECO
Don Sherman
MS, CCEP, CHC
Case Management Child/Adult
Prevention
Community Supports
RAPC
Therapeutic Day Treatment
Psychosocial Rehabilitation
Transitional Housing
Outpatient and Same Day ACCESS
Emergency Services
CIT Assessment Site & Task Force
Office Support
Psychiatry & Psychiatric Nursing
Day and Community Support Services
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Program Audit & Evaluation
Medical Records
Client Rights
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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
ROCKBRIDGE AREA COMMUNITY SERVICES BOARD
LEXINGTON, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Rockbridge Area Community Services Board, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collective comprise Rockbridge Area Community Services Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Rockbridge Area Community Services Board, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and schedules related to pension and OPEB funding on pages 4-9 and pages 39-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Rockbridge Area Community Services Board's basic financial statements. The supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Rockbridge Area Community Services Board's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021, on our consideration of the Rockbridge Area 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 Rockbridge Area 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 Rockbridge Area Community Services Board's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
November 12, 2021

Management's Discussion and Analysis

Management's discussion and analysis provides an overview of Rockbridge Area Community Services Board's (RACS) financial performance and activities for the fiscal year ended June 30, 2021. This information should be read in conjunction with the financial statements that follow.

Basic Financial Statements

The financial statements are prepared on an accrual basis. The Statement of Net Position provides detail on the nature and amount of the Board's assets and liabilities. The net position figure (the difference between assets and liabilities) is a measure of the Board's financial health. It describes available balances and identifies any restrictions that apply to those balances.

The Statement of Revenues, Expenses and Changes in Net Position measures the success of the Board's operations over the past year, as evidenced by either an increase or decrease in the net position at year end. This statement includes detail on all revenue and expenses for the year, demonstrating whether the Board has been successful in obtaining both operating and non-operating revenues to cover the cost of providing services.

The Statement of Cash Flows provides information about the Board's cash receipts and disbursements during the reporting period. The statement reports changes in cash from operating, financing, and investing activities, and the resulting change in cash at the end of the fiscal year.

Financial Analysis

The following table summarizes the Statement of Net Position:

Summary of Statement of Net Position

	2021	2020	% Change
Current and other assets	$ 2,810,751	$ 1,531,417	83.5%
Capital assets, net of depreciation	4,529,529	4,662,390	-2.8%
Net pension asset	468,646	1,124,528	-58.3%
Total Assets	$ 7,808,926	$ 7,318,335	6.7%
Deferred Outflows of Resources	$ 762,324	$ 668,432	14.0%
Liabilities	$ 4,487,380	$ 4,620,411	-2.9%
Deferred Inflows of Resources	$ 116,905	$ 197,773	-40.9%
Net Position:			
Net investment in capital assets	$ 1,097,130	$ 1,151,283	-4.7%
Restricted for debt service	18,868	18,868	0.0%
Restricted for employee pensions	468,646	1,124,528	
Restricted for federal programs	241,791	56,954	324.5%
Restricted for state programs	252,547	271,812	-7.1%
Unrestricted	1,887,983	545,138	246.3%
Total Net Position	$ 3,966,965	$ 3,168,583	25.2%

Assets

Current and other assets increased by 6.7%. Cash increased by $1,359,900 and our non-client account receivables decreased by $80,032. Our capital assets decreased 2.8% due to depreciation only. RACS did not dispose of any assets in FY2021. Accumulated depreciation increased by $214,944. The largest change in assets was to the Net Pension Asset. RACSB continues to have a net pension asset, however, the net pension assets decreased by 58.3%. For the year ending June 30, 2021, we recognized net pension expense of $491,474 and a decrease of pension asset of $655,882.

The Statement of Cash Flows provides additional detail on the cash sources and uses.

Liabilities

Deferred Outflows and Inflows of Resources are a requirement of GASB 68 and GASB 75 reporting requirements. Net Deferred Outflows increased in the amount of $93,892, and the Net Deferred Inflows decreased by $80,868 due to the difference between the related activity in the pension plan assets. The net change for OPEB liabilities was an Outflow of $13,024. This activity nets to a 14.0% increase in the Deferred Outflows of Resources.

Please see Notes 1, 5, and 6 for additional information.

Total liabilities decreased by 2.9% or $133,031 over the previous year.

Total long-term liabilities decreased $61,110. RACS continued to pay down long-term debt related to the $3,432,400 principal balance of the mortgage on the Greenhouse Road Building.

Change in Capital Assets

	2021	2020	% Change
Land and Land Improvements	$ 643,438	$ 643,438	0.0%
Building	$ 5,913,693	$ 5,913,693	0.0%
Equipment			
Beginning balance	$ 1,156,092	$ 1,153,015	0.3%
Additions	82,083	6,641	1136.0%
Disposals	-	(3,564)	-100.0%
Balance at June 30	$ 1,238,175	$ 1,156,092	7.1%
Vehicles			
Beginning balance	$ 331,823	$ 387,811	-14.4%
Disposals	-	(55,988)	0.0%
Balance at June 30	$ 331,823	$ 331,823	0.0%
Total capital assets	$ 8,127,129	$ 8,045,046	1.0%
Accumulated Depreciation	(3,597,600)	(3,382,656)	6.4%
Net capital assets	$ 4,529,529	$ 4,662,390	-2.8%

Net Position

Net investment in capital assets decreased by $54,153 or 4.7%.

Operating and nonoperating revenue and expense decreased this year, by a combined total of $8,160 and expenses decreased by $357,679.

There were Federal Carryover Balances of $241,791 in Raise ($36,721) FBG Prevention ($14,310 & $75,647), FBG Opioid Prevention ($55,259), and FBG Opioid Treatment ($59,854). CIT Training and Assessment Site Carryover balances were $145,779. State SARPOS was $16,372 and State MAT Opioid was $90,396. Total State Carryover Balances were $252,547. The portion of net position related to the net pension asset is considered to be restricted which amounted to $468,646. Lastly, $18,868 was restricted for debt service. Total carryover and restricted funds were $981,852.

The overall net position rose $798,382, primarily due to increases in state and federal funds and a significant decrease in expenses. State funds increased in FY2021 by $61,505, federal funds by $72,419. Expenses were reduced by $357,679 from the prior year. In the past two years, due to the hard work and attention of everyone, our net position has increased by $1,247,245.

Operating Revenues

Disability	2021	2020	% Change
Mental Health	$ 1,732,956	$ 1,701,438	1.9%
Developmental Disability	2,455,744	2,622,824	-6.4%
Substance Abuse	80,520	74,215	8.5%
Total	$ 4,269,220	$ 4,398,477	-2.9%

Operating Revenues

Operating revenue is the result of fees for behavioral healthcare services provided in the areas of Mental Health, Developmental Disability, and Substance Abuse. During FY21, fees for services were responsible for 49.2% of total revenue.

Total operating revenues decreased by $129,257 or 2.9%, from the prior year. The table above provides comparative detail on operating revenues derived from each disability. The table illustrates that DD had a $167,080 decrease from FY2020.

Mental Health operating revenue for services increased by 1.9%.

Operating revenues for Developmental Disability Services decreased by 6.4%.

Substance Abuse operating revenue increased by 8.5%. Fee revenue for substance abuse remains low as many types of insurance do not provide reimbursement for these services.

The following table is a summary of the Statements of Revenues, Expenses and Changes in Net Position:

Statement of Revenues, Expenses and Changes in Net Position

	2021	2020	% Change
Revenues			
Operating revenues	$ 4,269,220	$ 4,398,477	-2.9%
Expenses			
Operating expenses	$ 7,727,188	$ 8,084,867	-4.4%
Operating loss	$ (3,457,968)	$ (3,686,390)	-6.2%
Nonoperating income (expenses)			
Local government	$ 308,400	$ 308,400	0.0%
State of Virginia	3,111,156	3,049,651	2.0%
Federal government	818,850	746,431	9.7%
Other	165,634	190,276	-13.0%
Interest expense	(147,690)	(165,167)	-10.6%
Gain/(loss) on sale of assets	-	5,661	-100.0%
Total	$ 4,256,350	$ 4,135,252	2.9%
Change in net position	$ 798,382	$ 448,862	77.9%

Local governmental revenue is obtained from the four jurisdictions served by RACS through budget requests. The revenue requested from each jurisdiction is based on its population and a per capita rate. RACS did not request an increase in the local governmental funding, so the funding remained the same for FY2020 and FY2021.

Revenues from the Commonwealth of Virginia increased 2.0% or $61,505. This increase was mainly in Step VA funding and a new MAT Opioid Program.

Funds from the Federal Government increased 9.7% or $72,419. This increase is primarily related to Opioid treatment and additional prevention funding for a training grant.

Other non-operating revenue sources decreased 13.0% or $24,642, due to group home client fees and lack of transitional housing rental fees.

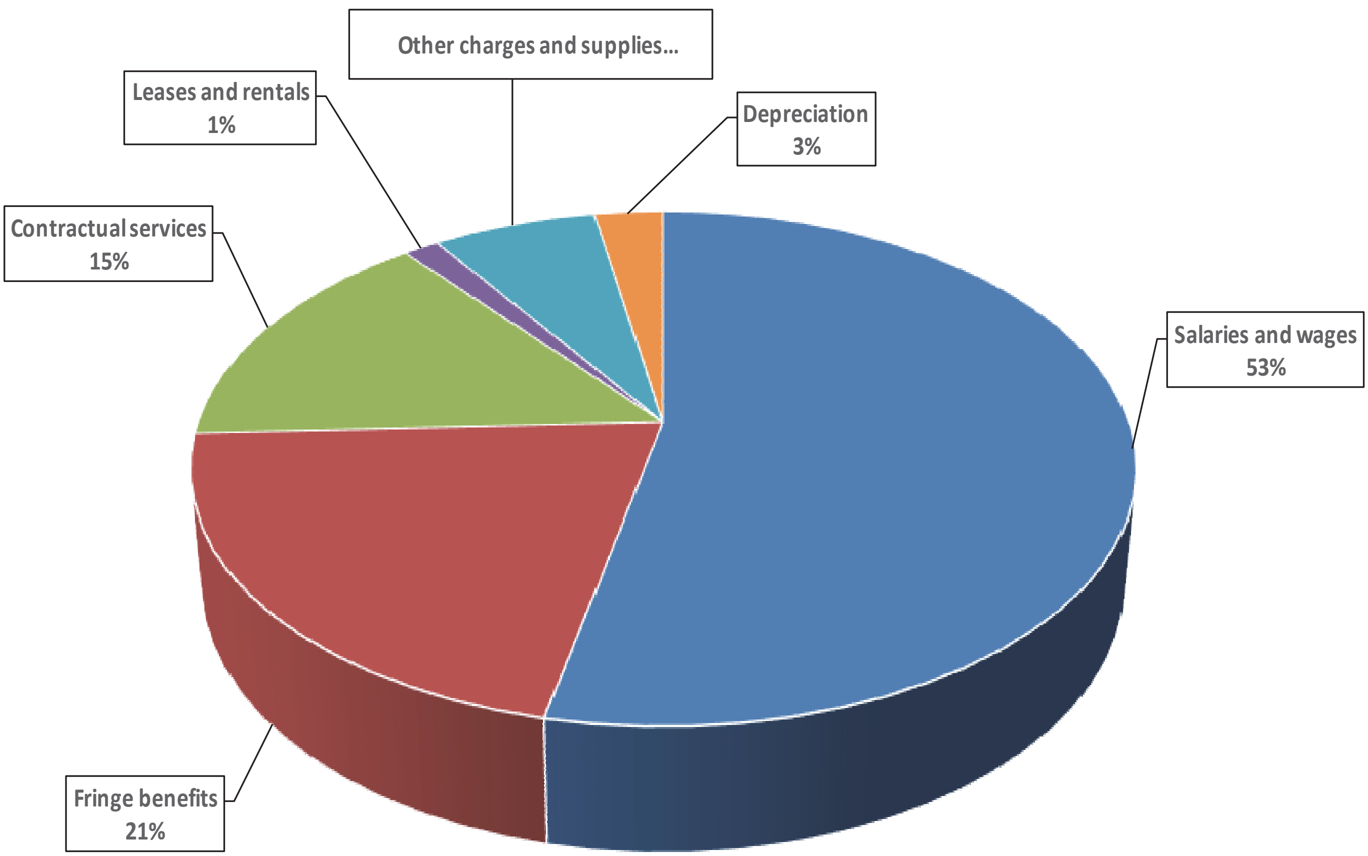
Interest expense decreased by 10.6%. RACS pays interest on the long-term mortgage on the Greenhouse Road building.

Operating Expenses:

The following table provides a summary of the operating expenses.

Operating Expenses

	2021	2020	% Change
Salaries and wages	$ 4,125,047	$ 4,326,176	-4.6%
Fringe benefits	1,614,408	1,503,547	7.4%
Contractual services	1,148,346	897,147	28.0%
Leases and rentals	111,328	121,588	-8.4%
Other charges and supplies	513,115	1,009,847	-49.2%
Depreciation	214,944	226,562	-5.1%
Total Expenses	$ 7,727,188	$ 8,084,867	-4.4%



Salaries and wages decreased by 4.6% to $4,125,047.

Fringe benefits increased 7.4% to $1,614,408 due to RACS paying the increase in annual health insurance premiums for FY2021 and the change in net pension expense due to the GASB 68 expense.

Contractual Services increased by 28.0% as we reclassified true contracts from other expense. RACS increased maintenance work and some contracted services.

Leases and rentals decreased by 8.4% to $111,328.

Other charges and supplies decreased by 49.2% to $513,115.

Fringe Benefits Expense

	2021	2020	% Change
FICA	$ 298,024	$ 313,959	-5.1%
Health/dental	695,069	1,088,334	-36.1%
VRS retirement/group life	577,016	53,527	978.0%
Unemployment	18,215	23,325	-21.9%
Short term disability	24,119	22,281	8.2%
Flex plan/EAP	1,965	2,121	-7.4%
Total Expenses	$ 1,614,408	$ 1,503,547	7.4%

Overall fringe benefits increased by 7.4%, largely due to the GASB 68 adjustment of an additional expense of $491,474 to VRS retirement. Health/Dental decreased due elections by staff and a year-end OPEB adjusting entry of $-13,406. Unemployment also decreased in FY2021.

Summary

Rockbridge Area Community Services finished FY2021 with an increase in Net Position of $798,382. This is a 77.9% increase from FY2020. Our two-year net increase in net position is $1,247,244. This is a tremendous increase for a small community services board, especially with the continued covid restrictions and closures that we experience this last year. We continue to have difficulty recruiting and retaining a well-rounded work force.

Our pre-GASB net revenue was $1,276,449 with GASB 68 expense of $491,474 and GASB 75 revenue of $13,406.

Our state contract requires RACSB to maintain two months of expenses as unrestricted funds in the bank. At the end of FY2021, cash balance was $2,352,331 with $513,206 reserved for State, Federal, and debt funding reserves. The net cash unreserved balance was $1,839,125. Our DBHDS calculated cash assets were $2,382,506, which equates to 3.43 months of reserve.

The agency will need to continue to strategically cut expenses and focus on maximizing revenues to continue improving the financial performance in FY2022.

Economic Factors

Due to the continued COVID-19 pandemic, RACS' new procedures and processes from FY2020 remained. Telemedicine and tele-commuting have become a standard form to deliver many services for RACS. Many processes and procedures continue to be revised to meet the changing medical environment. Virginia and the federal government are experiencing financial shortfalls due to the pandemic. Therefore, the effects are undetermined, and we can expect to experience them in the foreseeable future. The current American economy is driven by supply and demand and with demand greater than current supply, our economy is treading toward higher costs, especially labor cost, resulting in a rise in prices. The economy appears to be indicating the beginnings of a recession, however, how consumers and various governmental offices respond will determine the length and outcome.

Contacting the CSB's Financial Management

This financial report is designed to provide local citizens, our consumers and their families, and all taxpayers with a general overview of the CSB's finances. Questions regarding this report or requests for additional financial information should be made to Michele Mathis, Chief Financial Officer, 241 Greenhouse Road, Lexington, VA 24450; telephone (540) 462-6675.

FINANCIAL STATEMENTS

Exhibit 1

ROCKBRIDGE AREA COMMUNITY SERVICES BOARD

Statement of Net Position
June 30, 2021
With Comparative Totals for 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,266,458	$ 906,685
Accounts receivable, net of allowance for doubtful accounts	433,589	597,780
Loans receivable	-	207
Prepaid items	91,030	7,198
Restricted Current Assets:		
Cash restricted for USDA loan	18,868	18,868
Cash restricted for others	806	679
Total current assets	$ 2,810,751	$ 1,531,417
Noncurrent Assets:		
Capital Assets:		
Land and land improvements	$ 643,438	$ 643,438
Buildings	5,913,693	5,913,693
Equipment	1,238,175	1,156,092
Vehicles	331,823	331,823
Total capital assets	$ 8,127,129	$ 8,045,046
Accumulated depreciation	(3,597,600)	(3,382,656)
Net capital assets	$ 4,529,529	$ 4,662,390
Net pension asset	$ 468,646	$ 1,124,528
Total noncurrent assets	$ 4,998,175	$ 5,786,918
Total assets	$ 7,808,926	$ 7,318,335
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$ 678,463	$ 583,642
OPEB related items	83,861	84,790
Total deferred outflows of resources	$ 762,324	$ 668,432
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 65,589	$ 155,565
Accrued expenses	125,985	108,033
Amounts held for others	806	679
Other current liabilities	152,835	152,859
Total current liabilities	$ 345,215	$ 417,136

ROCKBRIDGE AREA COMMUNITY SERVICES BOARD

Statement of Net Position (Continued)
June 30, 2021
With Comparative Totals for 2020

LIABILITIES (CONTINUED)	**2021**	**2020**
Long-term Liabilities:		
Due within one year	$ 82,101	$ 78,691
Due in more than one year	4,060,064	4,124,584
Total long-term liabilities	$ 4,142,165	$ 4,203,275
Total liabilities	$ 4,487,380	$ 4,620,411
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$ 61,739	$ 131,326
OPEB related items	55,166	66,447
Total deferred inflows of resources	$ 116,905	$ 197,773
NET POSITION		
Net investment in capital assets	$ 1,097,130	$ 1,151,283
Restricted for debt service	18,868	18,868
Restricted for employee pensions	468,646	1,124,528
Restricted federal balances	241,791	56,954
Restricted state balances	252,547	271,812
Unrestricted	1,887,983	545,138
Total net position	$ 3,966,965	$ 3,168,583

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

Exhibit 2

ROCKBRIDGE AREA COMMUNITY SERVICES BOARD

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2021
With Comparative Totals for 2020

	2021	2020
Operating revenues:		
Charges for sercvices, net patient service revenue:		
Patient pay	46,737	72,314
Medicaid	4,105,641	4,147,458
Medicare	91,623	68,172
3rd party insurance	18,084	96,009
State probation	7,135	14,525
Total charges for services, net patient service revenue	$ 4,269,220	$ 4,398,477
Total operating revenues	$ 4,269,220	$ 4,398,477
Operating expenses:		
Salaries and wages	$ 4,125,047	$ 4,326,176
Fringe benefits	1,614,408	1,503,547
Contractual services	1,148,346	897,147
Leases and rentals	111,328	121,588
Other charges and supplies	513,115	1,009,847
Depreciation	214,944	226,562
Total operating expenses	$ 7,727,188	$ 8,084,867
Net operating loss	$ (3,457,968)	$ (3,686,390)
Nonoperating income (expenses):		
Intergovernmental revenues:		
Local sources:		
County of Rockbridge, Virginia	$ 169,620	$ 169,620
City of Lexington, Virginia	55,512	55,512
City of Buena Vista, Virginia	49,344	49,344
County of Bath, Virginia	33,924	33,924
State of Virginia	3,111,156	3,049,651
Federal government	818,850	746,431
Interest income	5,482	5,086
Contributions	14,241	19,641
Gain/(loss) on sale of assets	-	5,661
Miscellaneous income	145,911	165,550
Interest expense	(147,690)	(165,167)
Total nonoperating income (expense)	$ 4,256,350	$ 4,135,253
Change in net position	$ 798,382	$ 448,863
Net position, beginning of year	$ 3,168,583	$ 2,719,720
Net position, end of year	$ 3,966,965	$ 3,168,583

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

Exhibit 3

ROCKBRIDGE AREA COMMUNITY SERVICES BOARD

Statement of Cash Flows
Year Ended June 30, 2021
With Comparative Totals for 2020

	2021	2020
Cash flows from operating activities:		
Receipts from customers	$ 4,433,745	$ 4,263,036
Payments to suppliers	(1,946,621)	(1,954,039)
Payments to and for employees	(5,222,783)	(5,442,761)
Net cash provided by (used for) operating activities	$ (2,735,659)	$ (3,133,764)
Cash flows from noncapital financing activities:		
Intergovernmental revenues	$ 4,238,406	$ 4,104,482
Contributions	14,241	19,641
Miscellaneous income	145,911	165,550
Net cash provided by (used for) noncapital financing activities	$ 4,398,558	$ 4,289,673
Cash flows from capital and related financing activities:		
Purchase of capital assets	$ (82,083)	$ (6,641)
Proceeds from sale of capital assets	-	48,210
Borrowings on line of credit	-	365,000
Principal payments on line of credit	-	(686,743)
Principal payments on long term debt	(78,708)	(75,438)
Interest expense	(147,690)	(165,167)
Net cash provided by (used for) capital and related financing activities	$ (308,481)	$ (520,779)
Cash flows from investing activities:		
Interest income	$ 5,482	$ 5,086
Net increase (decrease) in cash and cash equivalents	$ 1,359,900	$ 640,216
Cash and cash equivalents, (including restricted cash and cash equivalents) beginning of year	926,232	286,016
Cash and cash equivalents, (including restricted cash and cash equivalents) end of year	$ 2,286,132	$ 926,232
Reconciliation of operating loss to net cash provided by (used for) operating activities:		
Net operating loss	$ (3,457,968)	$ (3,686,390)
Depreciation	214,944	226,562
Changes in assets and liabilities and deferred outflows and inflows of resources:		
(Increase) decrease in accounts receivable	164,191	(128,956)
(Increase) decrease in prepaid items	(83,832)	4,267
(Increase) decrease in loans receivable	207	1,873
(Increase) decrease in net pension asset	655,882	873,317
(Increase) decrease in deferred outflows of resources	(93,892)	(369,819)
Increase (decrease) in deferred inflows of resources	(80,868)	(119,276)
Increase (decrease) in net OPEB liability	(3,054)	(27,869)
Increase (decrease) in accounts payable	(89,976)	39,995
Increase (decrease) in accrued expenses	17,952	20,973
Increase (decrease) in other current liabilities	(24)	30,281
Increase (decrease) in compensated absences	20,652	9,636
Increase (decrease) in amounts held for others	127	(8,358)
Total cash provided by (used for) operating activities	$ (2,735,659)	$ (3,133,764)

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description and Purpose of Agency

The Board operates as an agent for the Counties of Rockbridge and Bath and Cities of Lexington and Buena Vista in the establishment and operation of community mental health, intellectual disabilities and substance abuse programs as provided for in Chapter 10 of Title 37.1 of the Code of Virginia (1950), relating to the Virginia Department of Behavioral Health and Disabilities Services. In addition, the Board provides a system of community mental health, developmental, and substance abuse services which relate to and are integrated with existing and planned programs.

The Board is not considered a component unit of either the Counties of Rockbridge or Bath or the Cities of Lexington or Buena Vista since none of the entities have oversight responsibility or are legally obligated to fund any deficit of the Board.

B. Financial Reporting Entity

For financial reporting purposes, these financial statements include all organizations for which the Board is considered accountable. Financial accountability includes the appointment of voting majority of the organization's governing body and the ability of the Board to impose its will on the organization or if there is a financial benefit/burden relationship. Also, an organization that is financially dependent on the Board should be included in its reporting entity.

Based on the above criteria, there are no other organizations to be included as part of the reporting entity.

C. Financial Statement Presentation

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

The Board is funded by Federal, State and local funds. Its accounting policies are governed by applicable provisions of these grants and applicable pronouncements and publications of the grantors. The Board utilizes the accrual basis of accounting for revenues and expenses. In accrual accounting, revenues are recognized when earned and expenses are recognized when incurred.

D. Budgets

Budgets are prepared by management and adopted by the Board for fiscal planning purposes only. Budgets are amended at various times during the year to reflect the availability of grants and other resources received during the year.

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

E. Basis of Accounting

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

F. Allowance for Uncollectible Accounts

The Board has estimated its allowance for uncollectible accounts based on historical collection data. The total allowance for uncollectible accounts was $86,970 at June 30, 2021.

G. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of more than $2,500 (amount not rounded) and an estimated useful life in excess of one year. The Board has established a lower threshold for information technology equipment of $1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation has been provided over the estimated useful lives using the straight-line method over the following useful lives:

Assets	Years
Land improvements	10
Buildings	27.5-40
Equipment	5-7
Vehicles	5-7

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

H. Inventory

The Board expenses all materials and supplies when purchased. Inventory on hand is considered immaterial, and no provision is made for it in the financial statements.

I. Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board carries commercial insurance for all of these risks of loss. Claims did not exceed coverage in any of the three most recent years.

J. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash and investments with original maturities of 90 days or less from the date of acquisition.

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

K. Use of Estimates

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

L. Restricted Cash

The Board is required to maintain $18,868 in reserve by USDA Rural Development as specified by the loan agreement. In addition, the Board has restricted cash held for consumers in the amount of $806.

M. Net Client Service Revenue

Client service revenue is recorded at scheduled rates when services are rendered. Allowances and provisions for uncollectible accounts and contractual adjustments are deducted to arrive at net client service revenue.

N. Comparative Totals

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

O. Fiscal Agent

The Rockbridge Area Community Services Board acts as its own fiscal agent.

P. Operating and Nonoperating Revenues and Expenses

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

Q. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related 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 also included in this component of net position.

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

R. Net Position Flow Assumption

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

S. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items that qualify under this category. These items are comprised of certain items related to the measurement of the net pension asset and net OPEB liability. For more detailed information on these items, reference the related notes.

T. Pensions

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

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

U. OPEB – Group Life Insurance

For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's 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.

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 insurance by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

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

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the Board's investing activities are managed to ensure the maximum preservation of capital and minimize credit risk. Investing is performed in accordance with the investment policy adopted by the Board of Directors complying with State Statutes. Per policy, investments should be categorized as Category Level 1, investments that are insured or registered or for which the securities are held by the Board or its safekeeping agent in the Board's name. Board funds may be invested in:

1. U.S. Treasury Bills, Notes, Bonds, and other direct obligations of the United States Government.
2. Obligations of Agencies of the Federal Government including but not limited to the Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, and Student Loan Marketing Association.
3. Repurchase Agreements executed through Federal Reserve Member Banks or Primary Dealers in U.S. Government securities, and collateralized by Treasury or Agency obligations the market value of which is at least 102% of the purchase price of the repo.
4. Certificates of deposit or other deposits of national banks located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured or collateralized as provided by the Virginia Security for Public Deposits Act.
5. Money Market Mutual Funds which trade on a constant net asset value and which invest solely in securities otherwise eligible for investment under these guidelines, including the Commonwealth of Virginia Treasury Department's Local Government Investment Pool (LGIP).

NOTE 3—ACCOUNTS RECEIVABLE:

A summary of accounts receivable at June 30, 2021 is as follows:

Local Sources:		
Fees receivable	$	488,034
Other		300
Less allowance for doubtful accounts		(86,970)
Total receivable from local sources	$	401,364
Commonwealth of Virginia:		
Virginia Foundation for Healthy Youth	$	16,856
Healthy Community Actions Team Grant		12,969
SUD Detox Funds		2,400
Total Commonwealth of Virginia	$	32,225
Total accounts receivable	$	433,589

NOTE 4—CAPITAL ASSETS:

A summary of capital assets at June 30, 2021 is as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated:				
Land	$ 614,171	$ -	$ -	$ 614,171
Total capital assets not being depreciated	$ 614,171	$ -	$ -	$ 614,171
Capital Assets Being Depreciated:				
Buildings	$ 5,913,693	$ -	$ -	$ 5,913,693
Land improvements	29,267	-	-	29,267
Equipment	1,156,092	82,083	-	1,238,175
Vehicles	331,823	-	-	331,823
Total capital assets being depreciated	$ 7,430,875	$ 82,083	$ -	$ 7,512,958
Accumulated depreciation:				
Buildings	$ (1,992,616)	$ (153,344)	$ -	$ (2,145,960)
Land improvements	(29,267)	-	-	(29,267)
Equipment	(1,072,112)	(39,159)	-	(1,111,271)
Vehicles	(288,661)	(22,441)	-	(311,102)
Total accumulated depreciation	$ (3,382,656)	$ (214,944)	$ -	$ (3,597,600)
Capital assets being depreciated, net	$ 4,048,219	$ (132,861)	$ -	$ 3,915,358
Net capital assets	$ 4,662,390	$ (132,861)	$ -	$ 4,529,529

Current year depreciation expense amounted to $214,944.

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NOTE 5−PENSION PLAN:

Plan Description

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

Benefit Structures

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

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

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

NOTE 5−PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

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

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	52
Inactive members:	
Vested inactive members	47
Non-vested inactive members	87
Inactive members active elsewhere in VRS	58
Total inactive members	192
Active members	94
Total covered employees	338

NOTE 5−PENSION PLAN: (CONTINUED)

Contributions

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

The Board's contractually required employer contribution rate for the year ended June 30, 2021 was 2.10% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Board were $49,703 and $21,800 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Asset

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

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Board's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

NOTE 5–PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

Mortality rates:

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

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2021; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates at age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

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

NOTE 5−PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

NOTE 5−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 Board was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at June 30, 2019	$ 14,240,664	$ 15,365,192	$ (1,124,528)
Changes for the year:			
Service cost	$ 312,958	$ -	$ 312,958
Interest	942,664	-	942,664
Differences between expected and actual experience	(112,345)	-	(112,345)
Contributions - employer	-	28,367	(28,367)
Contributions - employee	-	176,911	(176,911)
Net investment income	-	292,520	(292,520)
Benefit payments, including refunds of employee contributions	(550,544)	(550,544)	-
Administrative expenses	-	(10,058)	10,058
Other changes	-	(345)	345
Net changes	$ 592,733	$ (63,149)	$ 655,882
Balances at June 30, 2020	$ 14,833,397	$ 15,302,043	$ (468,646)

NOTE 5−PENSION PLAN: (CONTINUED)

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

The following presents the net pension asset of the Board using the discount rate of 6.75%, as well as what the Board's net pension 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		
	(5.75%)	(6.75%)	(7.75%)
Rockbridge Area Community Services Board Net Pension Liability (Asset)	$ 1,645,805	$ (468,646)	$ (2,192,014)

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

For the year ended June 30, 2021, the Board recognized pension expense of $547,744. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 70,443	$ 61,739
Change in assumptions	100,357	-
Net difference between projected and actual earnings on pension plan investments	457,960	-
Employer contributions subsequent to the measurement date	49,703	-
Total	$ 678,463	$ 61,739

NOTE 5−PENSION PLAN: (CONTINUED)

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

$49,703 reported as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting years as follows:

Year ended June 30,		
2022	$	132,368
2023		132,575
2024		155,552
2025		146,526
2026		-
Thereafter		-

Pension Plan Data

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

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NOTE 6−GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional 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, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,616 as of June 30, 2021.

NOTE 6−GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% 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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were $20,210 and $19,937 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of $315,077 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was .01888% as compared to .01955% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of $7,115. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,209	$ 2,829
Net difference between projected and actual earnings on GLI OPEB plan investments	9,465	-
Change in assumptions	15,757	6,579
Changes in proportion	18,220	45,758
Employer contributions subsequent to the measurement date	20,210	-
Total	$ 83,861	$ 55,166

NOTE 6−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)

$20,210 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30		
2022	$	(154)
2023		2,519
2024		5,453
2025		2,625
2026		(1,764)
Thereafter		(194)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be reference in the VRS Annual Report.

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

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

NOTE 6−GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions:

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

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2021; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2021; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2021; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

NOTE 6−GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability

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

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

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

Long-Term Expected Rate of Return

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

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

NOTE 6−GROUP LIFE INSURANCE (GLI) (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return (Continued)

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

Discount Rate

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

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%)
Rockbridge Area Community Service Board's proportionate share of the Group Life Insurance Plan Net OPEB Liability (Asset)	$ 414,192	$ 315,077	$ 234,585

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 7—COMPENSATED ABSENCES:

Board employees earn paid time-off each month at a scheduled rate in accordance with their years of service. Accumulated unpaid vacation and other compensating leave amounts are accrued when incurred. Outstanding accrued leave pay totaled $394,689 at June 30, 2021.

NOTE 8—LONG-TERM OBLIGATIONS:

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

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021	Due Within One Year
Direct borrowings and direct placements:					
Loan payable	$ 3,511,107	$ -	$ (78,708)	$ 3,432,399	$ 82,101
Other long-term obligations:					
Compensated absences	374,037	20,652	-	394,689	-
Net OPEB Liability	318,131	137,213	(140,267)	315,077	-
Total	$ 4,203,275	$ 157,865	$ (218,975)	$ 4,142,165	$ 82,101

Annual Requirements to Amortize Long-Term Debt:

Year Ending June 30,	Direct Borrowings and Direct Placements: Loan Payable Principal	Interest
2022	$ 82,101	$ 144,315
2023	85,659	140,757
2024	89,372	137,044
2025	93,245	133,171
2026	97,286	129,130
2027-2031	553,447	578,633
2032-2036	684,229	447,851
2037-2041	845,912	286,168
2042-2046	901,148	88,004
Total	$ 3,432,399	$ 2,085,073

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

Loan Payable:

The Board entered into a loan agreement with USDA on December 28, 2007 in the amount of $4,259,000 at an interest rate of 4.25%, which was used to finance construction of a 28,000 square foot office building. Monthly payments of principal and interest total $18,868. The maturity date of the loan is December 28, 2045, and the balance outstanding at June 30, 2021 was $3,432,399.

The Board's outstanding USDA loan payable contains a provision that in the event of default the entire unpaid principal and interest become immediately due and payable. The Board has pledged to secure the obligation with the administrative building and the parcel of land where the administrative building is located.

NOTE 9—CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 10—OPERATING LEASE AGREEMENTS:

The Board leases office space and other facilities from various lessors. The lease terms are generally for one year with provisions for additional one-year renewals. Leases may be adjusted each year based on changes in the prior year's Consumer Price index. Future minimum lease payments for the fiscal year ending June 30, 2021 are as follows:

2022	$	9,000
Total	$	9,000

NOTE 11—OPERATING LEASE AGREEMENTS: (CONTINUED)

Additionally, the Board has lease agreements for multiple vehicles. The terms of the leases are generally for 60 months with the option to renew for an unlimited time at the end of the initial lease terms. Future minimum lease payments for the fiscal year ending June 30, 2021 are as follows:

Future Minimum Lease Payments		
2022	$	111,247
2023		9,612
Total	$	120,859

NOTE 12—LOCAL SUPPORT:

Cash contributions to the Rockbridge Area Community Services Board by the supporting localities are as follows:

Rockbridge County	$	169,620
City of Lexington		55,512
City of Buena Vista		49,344
Bath County		33,924
Total	$	308,400

NOTE 13—DEFERRED COMPENSATION PLAN:

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan is with the Commonwealth of Virginia Deferred Compensation Plan, and is administered by ICMA-RC.

NOTE 14—NET POSITION RESTRICTED FOR FEDERAL AND STATE PROGRAMS:

Net position restricted for federal and state programs consisted of the following at June 30, 2021:

Federal substance abuse - prevention	$	14,310
Federal block grant - prevention		130,906
Federal block grant - treatment and recovery		59,854
Federal RAISE Part C		36,721
State CIT training and assessment site		145,779
State substance abuse		106,768
Total net position restricted for federal and state programs	$	494,338

NOTE 15—SELF FUNDED MEDICAL AND PRESCRIPTION INSURANCE PLAN:

The Board offers health coverage to employees through a group medical plan. The plan participates in the risk sharing pool Employers Health Risk Consortium. The Board's plan covers medical and prescription drug benefits on a self-funded basis. The Board records an estimated liability for health care claims based on estimates of the ultimate cost of reported claims and an estimate for claims incurred but not reported (IBNR) based on an IBNR reserve analysis report prepared by an actuary. The Board's IBNR liability as of June 30, 2021 is $48,500. The changes in aggregate liabilities for claims, including IBNR claims, for the current and prior year are as follows:

Fiscal Year		Claims Liabilities Beginning of Fiscal Year		Claims and Changes in Estimates		Claim Payments		Claims Liabilities Ending of Fiscal Year
2020-2021	$	33,300	$	372,050	$	372,050	$	48,500
2019-2020		64,477		459,702		459,702		33,300

NOTE 16—COVID-19 PANDEMIC:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the CSB, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Rockbridge Area Community Services Board is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

NOTE 17—UPCOMING PRONOUNCEMENTS:

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

ROCKBRIDGE AREA COMMUNITY SERVICES BOARD

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

	2020	2019	2018
Total pension liability			
Service cost	$ 312,958	$ 371,277	$ 325,126
Interest	942,664	873,394	805,985
Differences between expected and actual experience	(112,345)	331,345	332,499
Changes in assumptions	-	472,045	-
Benefit payments	(550,544)	(568,894)	(432,373)
Net change in total pension liability	$ 592,733	$ 1,479,167	$ 1,031,237
Total pension liability - beginning	14,240,664	12,761,497	11,730,260
Total pension liability - ending (a)	$ 14,833,397	$ 14,240,664	$ 12,761,497
Plan fiduciary net position			
Contributions - employer	$ 28,367	$ 31,097	$ 111,975
Contributions - employee	176,911	178,953	201,697
Net investment income	292,520	975,092	1,025,121
Benefit payments	(550,544)	(568,894)	(432,373)
Administrative expense	(10,058)	(9,785)	(8,769)
Other	(345)	(613)	(916)
Net change in plan fiduciary net position	$ (63,149)	$ 605,850	$ 896,735
Plan fiduciary net position - beginning	15,365,192	14,759,342	13,862,607
Plan fiduciary net position - ending (b)	$ 15,302,043	$ 15,365,192	$ 14,759,342
Board's net pension liability (asset) - ending (a) - (b)	$ (468,646)	$ (1,124,528)	$ (1,997,845)
Plan fiduciary net position as a percentage of the total pension liability	103.16%	107.90%	115.66%
Covered payroll	$ 3,813,304	$ 3,829,969	$ 4,329,812
Board's net pension liability (asset) as a percentage of covered payroll	-12.29%	-29.36%	-46.14%

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

Exhibit 4

	2017	2016	2015	2014
	$ 322,783	$ 413,878	$ 413,588	$ 420,624
	807,820	789,883	768,095	714,630
	(510,090)	(387,062)	(439,695)	-
	(92,990)	-	-	-
	(675,104)	(445,802)	(415,648)	(327,310)
	$ (147,581)	$ 370,897	$ 326,340	$ 807,944
	11,877,841	11,506,944	11,180,604	10,372,660
	$ 11,730,260	$ 11,877,841	$ 11,506,944	$ 11,180,604
	$ 103,818	$ 190,154	$ 207,564	$ 278,573
	192,582	194,798	220,728	220,470
	1,534,260	221,307	551,636	1,633,511
	(675,104)	(445,802)	(415,648)	(327,310)
	(9,075)	(7,741)	(7,421)	(8,572)
	(1,355)	(93)	(115)	86
	$ 1,145,126	$ 152,623	$ 556,744	$ 1,796,758
	12,717,481	12,564,858	12,008,114	10,211,356
	$ 13,862,607	$ 12,717,481	$ 12,564,858	$ 12,008,114
	$ (2,132,347)	$ (839,640)	$ (1,057,914)	$ (827,510)
	118.18%	107.07%	109.19%	107.40%
	$ 3,827,562	$ 3,783,840	$ 4,068,350	$ 4,167,928
	-55.71%	-22.19%	-26.00%	-19.85%

Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$ 49,703	$ 49,703	$ -	$ 3,626,748	1.37%
2020	21,800	21,800	-	3,813,304	0.57%
2019	29,065	29,065	-	3,829,969	0.76%
2018	112,804	112,804	-	4,329,812	2.61%
2017	107,171	107,171	-	3,827,562	2.80%
2016	190,154	190,154	-	3,783,840	5.03%
2015	207,564	207,564	-	4,068,350	5.10%
2014	278,573	278,573	-	4,167,928	6.68%
2013	289,968	289,968	-	4,321,436	6.71%
2012	156,822	156,822	-	4,094,563	3.83%

Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2021

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

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

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

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

Schedule of Rockbridge Area Community Services Board's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.01888%	$ 315,077	$ 3,886,602	8.11%	52.64%
2019	0.01955%	318,131	3,831,786	8.30%	52.00%
2018	0.02280%	346,000	4,329,812	7.99%	51.22%
2017	0.02107%	313,000	3,827,562	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.

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	$ 20,210	$ 20,210	$ -	$ 3,703,332	0.55%
2020	19,937	19,937	-	3,886,602	0.51%
2019	19,925	19,925	-	3,831,786	0.52%
2018	22,526	22,526	-	4,329,812	0.52%
2017	19,000	19,000	-	3,827,562	0.50%
2016	18,177	18,177	-	3,786,920	0.48%
2015	19,528	19,528	-	4,068,350	0.48%
2014	20,006	20,006	-	4,167,928	0.48%
2013	20,743	20,743	-	4,321,436	0.48%
2012	11,549	11,549	-	4,124,612	0.28%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

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

Non-Largest Ten Locality Employers - General Employees

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

OTHER SUPPLEMENTARY INFORMATION

SUPPORTING SCHEDULES

Standard Schedule of Current Property and Casualty Insurance
Year Ended June 30, 2021

Insurance Coverage	Ins. Co. / Agent/Policy #	Policy Period	Limits of Liability		Ded.	Annual Premium
Workers Compensation	Co: Virginia Association of Counties Group Pool Ag: Pol. #: VA-RO-724-20	7/1/19-6/30/20	Accident Injury by disease Disease aggregate	$1,000,000 $1,000,000 $1,000,000	N/A	$27,916
Building & Contents	Co: Virginia Association of Counties Group Pool Ag: Pol. #: VA-RO-724-20	7/1/19-6/30/20	Buildings/Contents	Replacement Cost	$5000/ occurrence	$13,389
General Liability	Co: Virginia Association of Counties Group Pool Ag: Pol. #: VA-RO-724-20	7/1/19-6/30/20	Bodily/Personal Injury Employee Benefits Fire Legal	$2,000,000 $2,000,000 $500,000	N/A	$9,714
Excess Liability	Co: Virginia Association of Counties Group Pool Ag: Pol. #: VA-RO-724-20	7/1/19-6/30/20	General Liability Auto Liability	$4,000,000 $4,000,000	N/A	$13,473
Environmental	Co: Virginia Association of Counties Group Pool Ag: Pol. #: VA-RO-724-20	7/1/19-6/30/20	Pool Aggregate	$1,000,000	$25,000	Included
Cyber Risk	Co: Virginia Association of Counties Group Pool Ag: Pol. #: VA-RO-724-20	7/1/19-6/30/20	Cyber Risk	$3,000,000	N/A	$8,000
Commercial Auto	Co: Virginia Association of Counties Group Pool Ag: Pol. #: VA-RO-724-20	7/1/19-6/30/20	Combined Single Limit	$2,000,000	$1,000 per occurrence	$17,852
Crime	Co: Virginia Association of Counties Group Pool Ag: Pol. #: VA-RO-724-20	7/1/19-6/30/20	Employee Dishonesty & Securities/Counterfeit	$500,000	$250	$1,050
Public Officials	Co: Virginia Association of Counties Group Pool Ag: Pol. #: VA-RO-724-20	7/1/19-6/30/20	Wrongful Acts Annual Contract	$1,000,000 $1,000,000	$2,500	$3,911
						Total $ 95,305

Schedule 2

Rockbridge Area Community Services Board
Client Statistics
For the Years Ended June 30, 2014 through June 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Clients Served by Disability								
Mental Health	1,441	1,548	1,445	1,502	1,428	1,348	1,534	1,468
Developmental Services	258	261	321	299	308	287	294	303
Substance Abuse	160	142	136	335	331	332	338	257
Total Clients Served	1,859	1,951	1,902	2,136	2,067	1,967	2,166	2,028

Description/ Application	Vendor/Name/ Model	Development Stage	Hardware	Operating System
General Ledger, Payroll, Accounts Payable, Budget	Microsoft Dynamics GP	Fully Operational	Dell VRTX Virtual Environment WFG is cloud based	Windows Server 2008 R2 Standard
Reimbursement & Client Demographics	Credible	Fully Operational	Cloud Based	N/A
Fixed Assets	Microsoft Dynamics GP	Fully Operational	Dell VRTX Virtual Environment	Windows Server 2008 R2 Standard
Purchasing	None	Manual Operation	Personal Computer	Windows 10 Pro

COMPLIANCE

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

TO THE BOARD OF DIRECTORS
ROCKBRIDGE AREA COMMUNITY SERVICES BOARD
LEXINGTON, 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 Rockbridge Area Community Services Board as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Rockbridge Area Community Services Board's basic financial statements and have issued our report thereon dated November 12, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rockbridge Area 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

Staunton, Virginia
November 12, 2021