regionten
community services board

Financial Report

June 30, 2024

BROWNEDWARDS
certified public accountants

Region Ten Community Services Board

Contents

Introductory Section

Financial Section

Required Supplementary Information

Other Supplementary Information

Compliance Section

Introductory Section

Region Ten Community Services Board

Directory of Principal Officials

June 30, 2024

Board of Directors

Barbara Barrett, Chair
Peggy Whitehead, Vice-Chair
Patricia Heggie, Secretary

Austin Baker	Dr. Joe Mason
Dr. Barry Blumenthal	David Opper
Francesca Diggs	Alex Stott
Stephen Wunsh	Joseph Szakos
Mary Katherine King	Wendy Mitchem

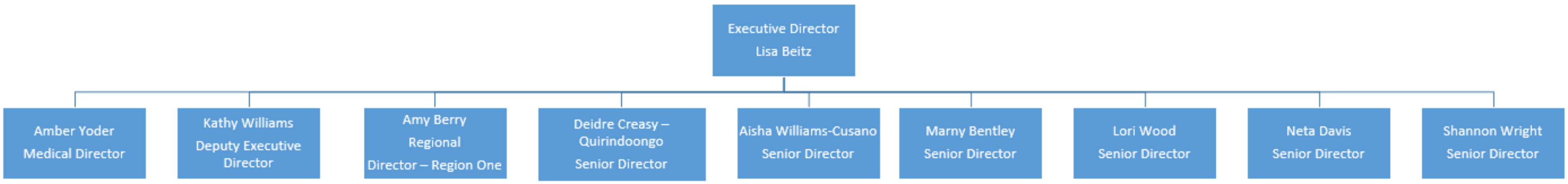
Principal Management Team

Lisa Beitz	Executive Director
Kathy Williams	Deputy Executive Director
Marny Bentley	Senior Director of Clinical Operations
Shannon Wright	Senior Director of Rural Services & Community Based Services
Aisha Williams-Cusano	Senior Director of Adult Development Services
Neta Davis	Senior Director of Child and Family and Adult Clinical Services
Lori Wood	Senior Director of Emergency and Short-Term Stabilization Services
Amber Yoder	Medical Director
Amy Berry	Senior Director Region One Regional Initiatives
Deidre Creasy-Quirindoongo	Senior Director of Adult Rehabilitative Services

Region Ten Community Services Board

Organizational Chart

June 30, 2024



Financial Section

The Financial Section contains the Basic Financial Statements.

BROWN EDWARDS
certified public accountants

Independent Auditor's Report

To the Board of Directors
Region Ten Community Services Board
Charlottesville, Virginia

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Region Ten Community Services Board (the "Board"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board, as of June 30, 2024, and the respective changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on Summarized Comparative Information

We have previously audited the Board's 2023 financial statements, and our report dated November 14, 2023, expressed an unmodified opinion on those financial statements. The 2023 financial information is provided for comparative purposes only. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2023, 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 6, 2024 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 6, 2024

This Management's Discussion and Analysis is intended to be objective and easily readable information that will supplement the basic financial statements. It represents an opportunity for Region Ten Community Services Board (CSB or RTCSB) management to present an examination of the Board's short-term and long-term financial condition. This analysis will emphasize current year transactions and results, in comparison with the prior year, and is based on facts, decisions, and conditions that were known as of the date of the auditor's report.

FISCAL YEAR 2024 HIGHLIGHTS

- Region Ten served 8,072 consumers.
- Region Ten began construction on the Louisa Clinic with tentative opening of Summer 2025.
- Request for Proposal completed for construction of the REACH CTH group home in Augusta County which serves our Region.
- Received approval through Service Dogs of Virginia for a second facility dog to serve RTCSB consumers and staff.
- Implemented new payroll schedule.
- Region Ten continued to serve as Region One's Fiscal Agent.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Board's annual financial report consists of three basic financial statements: a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows. For ease of presentation, all statements are in a condensed format.

Net Position. The Statement of Net Position reflects as of the last day of the fiscal year, the assets (cash and other property) owned and liabilities (debts and other obligations) owed by the Board. The difference between total assets and deferred outflows and total liabilities and deferred inflows determines the net position (equity), which is generally perceived as a measure of financial solvency.

A summary of Board's Statement of Net Position for 2024 and 2023 is presented below:

Condensed Statement of Net Position

	2024		2023	
Assets				
Current assets	$	48,734,945	$	39,551,528
Capital assets		28,292,423		26,426,290
Other non-current assets		10,828,468		10,954,982
Total Assets		87,855,836		76,932,800
Deferred Outflows of Resources		784,978		988,300
Liabilities				
Current Liabilities		29,010,518		25,591,332
Long-Term Liabilities (less current portion)		9,278,136		10,782,431
Total Liabilities		38,288,654		36,373,763
Deferred Inflows of Resources		2,161,660		3,536,293
Net Position	$	48,190,500	$	38,011,044

The Board presents an improved financial position over last year. Net position increased by approximately 27%.

(Continued)

Changes in net position. The Statement of Revenues, Expenses, and Changes in Fund Net Position is a presentation of the amount of income generated (revenues) and resources consumed (expenses) during the fiscal year. The net difference between revenues and expenses represent the amount net position increased or decreased for the year. A summary of the Board's Statement of Revenues, Expenses, and Changes in Fund Net Position for 2024 and 2023 is presented below:

Condensed Statement of Revenue, Expenses and Changes in Fund Net Position

	2024	2023
Operating Revenue	$ 21,672,825	$ 21,382,894
Operating Expense	66,398,508	52,348,360
Operating Loss	(44,725,683)	(30,965,466)
Net Non-operating Revenue	54,905,139	36,708,150
Change in Net Position	$ 10,179,456	$ 5,742,684

Change in net position reflects an increase of approximately 77%.

Cash Flows. The Statement of Cash Flows indicates the net increase or decrease of cash resources for the Board during the year and the activities that produced the increase or decrease. The statement concludes with a reconciliation tying the beginning cash balance and results for the year to the ending balance. A summary of the Board's Statement of Cash Flows for 2024 and 2023 is presented below:

Condensed Statement of Cash Flows

	2024	2023
Cash flows used in operating activities	$ (45,115,933)	(31,956,129)
Cash flows provided by non-capital financing activities	56,497,195	41,885,555
Cash flows used in capital and related financing activities	(3,595,117)	(1,663,133)
Cash flows provided by investing activities	679,753	323,014
Net cash increase	$ 8,465,898	$ 8,589,307

The Board shows a $8,465,898 increase in net cash from fiscal year 2023 to fiscal year 2024. The increase in net cash resulted in an overall net cash balance of $45,628,711 for fiscal year 2024.

Capital Assets and Debt Administration

Capital Assets

On June 30, 2024, the Region Ten Community Services Board had $44,392,883 in capital assets less $16,100,460 in accumulated depreciation and amortization (please see Note 4). Of the total capital assets (before accumulated depreciation and amortization), furniture and equipment (including software, vehicles, and right-to-use assets) constitutes 9%, land (including construction in process) constitutes 18%, and buildings and improvements constitute the remaining 73%.

Long-Term Debt

Long-term obligations (including the current portion) - as of June 30, 2024 equaled $10,532,893 (Please see Note 5). This is a net decrease of $491,768. The net change per category of long-term debt is as follows:

Notes Payable - reflects a net decrease of $696,067.

Compensated Absences – reflects an increase of $202,638.

Lease Liabilities – reflects an increase of $14,196.

Subscription Liabilities – reflects a decrease of $12,535.
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Summary

The Statement of Net Position shows net position increased by approximately 27%.

The Statement of Revenues, Expenses, and Changes in Fund Net Position show the net position of the Board increased $10,179,456 during fiscal year 2024.

The Statement of Cash Flows shows that cash increased $8,465,898 in fiscal year 2024.

Request for Information

This financial report is intended to provide a general overview of Region Ten Community Services Board's financial position for all those interested. Questions concerning any of the information provided in this report or request for additional information should be addressed in writing to Kelly Crickenberger, Fiscal Director of Accounting, Region Ten Community Services Board, 500 Old Lynchburg Road, Charlottesville, Virginia 22903.

Basic Financial Statements

Region Ten Community Services Board

Statement of Net Position

June 30, 2024 and 2023

	2024	(For Comparative Purposes Only) 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	$ 24,741,402	$ 18,516,065
Accounts receivable, net (Note 3)	2,274,146	2,173,416
Due from other governments	460,469	23,547
Other receivables	7,059	1,225
Prepaid expense and other	161,026	-
Interest rate swap asset (Note 5)	203,534	190,527
Cash and cash equivalents, restricted (Note 2)	20,887,309	18,646,748
Total current assets	48,734,945	39,551,528
NONCURRENT ASSETS		
Funds held by others (Note 2)	497,291	480,021
Net pension asset (Note 8)	10,331,177	10,474,961
Capital assets, net (Note 4)	28,292,423	26,426,290
Total noncurrent assets	39,120,891	37,381,272
Total assets	87,855,836	76,932,800
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions (Note 8)	325,131	423,542
Deferred outflows related to other postemployment benefits (Notes 9 and 10)	459,847	564,758
Total deferred outflows of resources	784,978	988,300
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,597,820	460,413
Accrued payroll and related liabilities	1,123,462	1,436,174
Other liabilities	37,005	54,068
Amounts held for clients, payable from restricted assets	49,938	133,111
Unearned revenue (Notes 7 and 11)	23,585,233	21,241,627
Current portion of long-term liabilities (Note 5 and 6)	2,617,060	2,265,939
Total current liabilities	29,010,518	25,591,332
LONG-TERM LIABILITIES		
Other postemployment benefits (Notes 9 and 10)	1,362,303	2,023,709
Long-term liabilities, noncurrent portion (Note 5 and 6)	7,915,833	8,758,722
Total long-term liabilities	9,278,136	10,782,431
Total liabilities	38,288,654	36,373,763
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions (Note 8)	1,137,337	2,123,437
Deferred inflows related to other postemployment benefits (Notes 9 and 10)	820,789	1,222,329
Interest rate swaps (Note 5)	203,534	190,527
Total deferred inflows of resources	2,161,660	3,536,293

Region Ten Community Services Board

Statement of Net Position

June 30, 2024 and 2023

	2024	(For Comparative Purposes Only) 2023
NET POSITION		
Net investment in capital assets	18,634,684	16,782,420
Restricted		
Annette Vail Memorial Trust	10,000	10,000
Housing and Urban Development capital advance	502,700	502,700
Pension	10,331,177	10,474,961
Unrestricted	18,711,939	10,240,963
Total net position	**$ 48,190,500**	**$ 38,011,044**

Region Ten Community Services Board

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

Years Ended June 30, 2024 and 2023

	2024	(For Comparative Purposes Only) 2023
OPERATING REVENUES		
Net client service revenue (Note 13)	$ 21,672,825	$ 21,382,894
OPERATING EXPENSES		
Salaries and benefits	32,515,112	29,697,721
Staff development and recruitment	417,377	560,679
Facility	2,665,686	2,237,487
Supplies	2,206,329	1,817,255
Travel	386,386	407,302
Contractual and professional services	10,084,889	5,621,525
Client services	16,662,343	10,471,417
Depreciation and amortization	1,337,668	1,255,691
Other	122,718	279,283
Total operating expenses	66,398,508	52,348,360
Operating loss	(44,725,683)	(30,965,466)
NONOPERATING REVENUES (EXPENSES)		
Commonwealth of Virginia grants	43,862,422	29,704,773
Federal grants	6,257,588	3,214,496
Contributions from participating local governments (Note 14)	2,526,161	2,475,985
Interest income	679,753	323,014
Gain (loss) on disposal of capital assets	(34,890)	23,881
Unrealized gain funds held by others	246,044	136,477
Interest expense and other fees	(353,339)	(400,658)
Rental income (Note 6)	28,812	30,352
Other income (Note 15)	1,692,588	1,199,830
Net nonoperating revenues (expenses)	54,905,139	36,708,150
Change in net position	10,179,456	5,742,684
NET POSITION AT JULY 1	38,011,044	32,268,360
NET POSITION AT JUNE 30	**$ 48,190,500**	**$ 38,011,044**

Region Ten Community Services Board

Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	(For Comparative Purposes Only) 2023
OPERATING ACTIVITIES		
Receipts from clients, private insurers, Medicaid, and others	$ 21,572,095	$ 21,469,589
Payments to suppliers	(32,277,622)	(21,947,333)
Payments to and for employees	(34,327,126)	(31,244,936)
Other payments	(83,280)	(233,449)
Net cash used in operating activities	(45,115,933)	(31,956,129)
NON-CAPITAL FINANCING ACTIVITIES		
Contributions from local, state, and federal governments	54,552,855	40,510,367
Other receipts	1,944,340	1,375,188
Net cash provided by non-capital financing activities	56,497,195	41,885,555
CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,264,205)	(424,844)
Proceeds from the sale of capital assets	-	36,829
Principal paid on debt	(960,617)	(901,878)
Interest paid on debt	(370,295)	(373,240)
Net cash used in capital and related financing activities	(3,595,117)	(1,663,133)
INVESTING ACTIVITIES		
Interest received	679,753	323,014
Net increase in cash and cash equivalents	8,465,898	8,589,307
CASH AND CASH EQUIVALENTS		
Beginning at July 1	37,162,813	28,573,506
Ending at June 30	**$ 45,628,711**	**$ 37,162,813**
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents	$ 24,741,402	$ 18,516,065
Cash and cash equivalents, restricted	20,887,309	18,646,748
	$ 45,628,711	**$ 37,162,813**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (44,725,683)	$ (30,965,466)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,337,668	1,255,691
Pension expense net of employer contribution	(743,905)	(1,529,443)
Other postemployment expense net of employer contribution	(958,035)	(389,112)
(Increase) decrease in:		
Accounts receivable, net	(100,730)	86,695
Prepaid expenses and other	(161,026)	-

The Notes to Financial Statements are an integral part of this statement.

Region Ten Community Services Board

Statement of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	(For Comparative Purposes Only) 2023
Increase (decrease) in:		
Accounts payable	429,132	(552,385)
Accrued payroll and related liabilities	(312,712)	392,312
Security deposits payable – included in other liabilities	(107)	(315)
Amounts held for clients, payable from restricted assets	(83,173)	(233,134)
Compensated absences – included in long-term liabilities	202,638	(20,972)
Net cash used in operating activities	**$ (45,115,933)**	**$ (31,956,129)**
SCHEDULE OF NON-CASH ACTIVITIES		
Capital assets obtained through lease liabilities, subscription based informational technology agreements, and accounts payable	**$ 1,045,107**	**$ 28,589**

Note 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

Region Ten Community Services Board (the "Board") is a jointly governed entity that operates as an agent for the Counties of Albemarle, Nelson, Fluvanna, Greene, and Louisa, and the City of Charlottesville in the establishment and operation of community mental health disorders, developmental disabilities, and substance abuse programs as provided for in Chapter 5 of Title 37.2 of the *Code of Virginia* (1950), as amended, relating to the Virginia Department of Behavioral Health and Developmental Services. In addition, the Board provides treatment of community mental health disorders, developmental disabilities, and substance use disorders with a system of services that relate to, and are integrated with, existing and planned programs. Substantially all of the Board's funding is from service fees, the Commonwealth of Virginia, the Federal Government, and the aforementioned localities.

Blended Component Units

The following blended component units, although legally separate entities, are in substance part of the Board's operations, and so financial information from these units is combined with the financial statements of the Board. The Board can impose its will over these organizations and is financially accountable for them.

> Region Ten Community Services Board, Inc. ("RTCSB, Inc.") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the *Internal Revenue Code* (*IRC*). The members of the Board also serve as the Board of Directors for RTCSB, Inc. RTCSB, Inc. is responsible for receiving public support to establish, maintain, and promote the development of mental health, developmental disabilities, and substance abuse services and holding title to real and other property on behalf of the Board. The Board has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the *IRC*.
>
> Pine Ridge Residence, Inc. ("Pine Ridge") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the *IRC*. Pine Ridge was organized to own and operate facilities for handicapped individuals as a Section 811 project under the National Affordable Housing Act.

Measurement Focus and Basis of Accounting

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

The Board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Board's principal ongoing operations. The principal operating revenues of the Board are fees collected from clients and the related collections from the various third-party insurers, including Medicaid. Operating expenses consist of the direct and indirect costs of fulfilling the programs of the Board. All other revenues and expenses are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first.

Use of Estimates

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

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

Cash and Cash Equivalents

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

Fair Value Measurements

The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

Valuation of Receivables

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

Net Client Service Revenue

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

Financial Assistance

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

Capital Assets

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

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

Buildings and improvements	10-40 years
Furniture and equipment	3-10 years
Software	5 years
Motor vehicles	5 years

Leased assets are amortized over the shorter of the lease term or useful life of the underlying asset. In leases where a purchase option is reasonably certain of being exercised the asset is amortized over the useful life, unless the underlying asset is nondepreciable, in which the leased asset is not amortized.

Subscription assets are amortized over the shorter of the subscription term or useful life of the underlying capital IT asset.

Restricted Assets

The Board segregates funds held on behalf of clients and for deposit reserves required by the U.S. Department of Housing and Urban Development (HUD) for replacement of property and other expenditures at Pine Ridge.

Funds Held by Others

The Board is the beneficiary of funds that are held by the Charlottesville Area Community Foundation (CACF) and are invested on behalf of the Board. The Board of Directors can request all or a portion of these funds at any time for use for behavioral health programs. The funds will be held by CACF until such a request is made. The Board considers the carrying amount to be a Level 2 fair value measurement.

Interest Rate Swaps

The Board entered into various interest rate swap agreements in order to convert variable rate debt to a fixed rate in order to hedge against the changes in cash flow requirements of its variable rate debt. The interest rate swaps are reflected at their fair value at June 30, 2024, with related debt being hedged reflected at carrying value. The change in fair value is reflected as a deferred outflow of resources.

Pensions and Other Postemployment Benefits (OPEB)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. These items represent an acquisition of net assets applicable to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time.

The Board has the following items that qualify for reporting in these categories:

- Fair value of interest rate swaps may be reflected as a deferred inflow or outflow, as appropriate.
- Contributions subsequent to the measurement date for pensions and the OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Changes in proportionate share between measurement dates on the OPEB liability. This difference will be recognized in OPEB expense over the remaining service life of the employees subject to the plan, and is reflected as a deferred inflow or outflow as appropriate.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total net pension asset or OPEB liability. This difference will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan and may be reported as a deferred inflow or outflow as appropriate.
- Differences between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over a closed five-year period and may be reported as a deferred inflow or outflow as appropriate.
- Changes in assumptions on OPEB investments. This difference will be recognized in OPEB expense over the estimated remaining service life of employees subject to the plan and may be reported as a deferred inflow or outflow as appropriate.

Compensated Absences

Employees are entitled to certain compensated absences based upon length of employment. Sick leave for employees who have been employed for five years or longer vests up to the lesser of $5,000 or 25% of the sick leave balance. Other sick leave does not vest with the employee and is recorded as an expense when paid. Vacation and certain other compensated absences do vest with the employee. A provision for these vested compensated absences has been recorded in the financial statements. Because the timing of the use of the benefit is not estimable, all of the liability has been classified as current and is included in current portion of long-term liabilities on the statement of net position.

Rental Income

RTCSB, Inc. owns various properties which are leased to the Board and others. Rental income is recognized as earned. Intercompany activity is eliminated from the financial statements.

Restricted Net Position

Restricted net position represents the $10,000 principal of the Annette Vail Memorial Trust, which has been permanently restricted by the donor, the $502,700 of initial capital provided by HUD to establish and construct the Pine Ridge facility, which is restricted by HUD for 40 years following the 2008 facilities construction (time restricted), and the Board's $10,331,177 net pension asset, restricted for expected future pension payments.

Leases

Key estimates and judgments include how the Board determines (1) the discount rate it uses to discount the expected lease receipts and/or payments to present value, (2) lease term, and (3) lease receipts and/or payments.

- The Board uses an estimated incremental borrowing rate as the discount rate for lease.
- The lease term includes the noncancellable periods of the lease. Lease receipts and payments are included in the measurement of the lease receivable or liability, respectively, and are composed of fixed payments.
- The Board monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease receivable or liability.

Right-of-Use Lease Asset and Related Lease Liability

The Board is a lessee for noncancellable leases of equipment and motor vehicles. The Board recognizes an intangible right-to-use asset (lease asset) and a related lease liability on the financial statements. At the commencement of a lease, the Board initially measures a lease liability at the present value of payments expected to be made during the lease period. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain direct costs. Subsequent to the initial measurement and recognition, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt in the statement of net position.

Subscription-Based Information Technology Arrangements

The Board has a SBITA for its Credible software platform and its ESD Microsoft software. The Board uses its estimated incremental borrowing rate as the discount rate as the subscription arrangement does not explicitly state an interest rate. The subscriptions have payments that range from $41,999 to $139,489 and interest rates that range from 2.895% to 3.378%. The value of the right-to-use subscription assets and related accumulated amortization as of year end are disclosed in Note 4. The related liability as well as principal and interest requirements to maturity are disclosed in Note 5.

Note 2 – Deposits and Investments

Deposits

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

Cash and cash equivalents consist of the following:

Cash on hand	$ 1,350
Deposits	45,627,361
	$ 45,628,711

Statement of net position consist of the following:

Cash and cash equivalents	$ 24,741,402
Cash and cash equivalents, restricted for client funds	60,610
Cash and cash equivalents, restricted for deposit reserves	43,694
Cash and cash equivalents, restricted for regional funds	20,783,005
	$ 45,628,711

Investments

Statutes authorize the Board to invest in obligations of the United States of America or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). Current Board policy is to invest cash reserves on a daily basis through the use of repurchase agreements with the Board’s bank. The Board held no investments at June 30, 2024.

Note 3 – Accounts Receivable

Accounts receivable consist of the following:

Virginia Department of Medical Assistance Services (Medicaid)	$ 2,201,293
Direct client	2,986,641
Third-party insurers and other	896,572
	6,084,506
Allowance for uncollectible accounts	(3,810,360)
	$ 2,274,146

Region Ten Community Services Board

Notes to Financial Statements

June 30, 2024

Note 4 – Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable				
Land	$ 5,449,500	$ 6,151	$ 28	$ 5,455,623
Construction in progress	207,186	2,566,974	-	2,774,160
Capital assets, nondepreciable	5,656,686	2,573,125	28	8,229,783
Capital assets, depreciable				
Building and improvements	32,016,897	212,199	7,140	32,221,956
Furniture and equipment	1,713,601	148,254	934,130	927,725
Software	341,721	-	341,721	-
Motor vehicles	2,092,216	38,930	148,134	1,983,012
Capital assets, depreciable	36,164,435	399,383	1,431,125	35,132,693
Less accumulated depreciation for:				
Building and improvements	12,442,805	852,997	7,140	13,288,662
Furniture and equipment	1,477,129	65,860	934,130	608,859
Software	341,721	-	341,721	-
Motor vehicles	1,654,515	143,170	126,329	1,671,356
Total accumulated depreciation	15,916,170	1,062,027	1,409,320	15,568,877
Capital assets, depreciable, net	20,248,265	(662,644)	21,805	19,563,816
Right-of-use leased assets				
Equipment	132,498	59,377	24,631	167,244
Motor vehicles	41,864	-	41,864	-
Less accumulated amortization	(85,257)	(42,768)	(64,775)	(63,250)
Total leased assets, net	89,105	16,609	1,720	103,994
Subscription right-to-use assets	585,708	277,455	-	863,163
Less accumulated amortization	(153,474)	(314,859)	-	(468,333)
Total subscription assets, net	432,234	(37,404)	-	394,830
Total capital assets, net	**$ 26,426,290**	**$ 1,889,686**	**$ 23,553**	**$ 28,292,423**

Note 5 – Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Notes from direct borrowings	$ 9,114,171	$ -	$ 696,067	$ 8,418,104	$ 704,684
Lease liabilities	90,140	59,377	45,181	104,336	36,556
Subscription liabilities	439,559	267,312	279,847	427,024	292,391
Compensated absences	1,380,791	202,638	-	1,583,429	1,583,429
	$ 11,024,661	**$ 529,327**	**$ 1,021,095**	**$ 10,532,893**	**$ 2,617,060**

Annual debt service requirements are as follows:

	Notes from Direct Borrowings		Lease Liabilities	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**
2025	$ 704,684	$ 207,453	$ 36,556	$ 2,252
2026	731,857	190,802	25,499	1,491
2027	1,374,450	161,633	17,774	942
2028	1,601,034	99,328	18,101	432
2029	695,568	70,581	6,406	48
2030-2034	3,310,511	143,477	-	-
	$ 8,418,104	**$ 873,274**	**$ 104,336**	**$ 5,165**

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

	Subscription Liabilities	
	Principal	**Interest**
2025	$ 292,391	$ 10,969
2026	134,633	1,797
	$ 427,024	**$ 12,766**

Details of long-term indebtedness are as follows:

Notes Payable	Interest Rate	Date Issued	Final Maturity Date	Amount of Original Issue	Balance
Secured by real estate	65% of AMERIBOR + 2.25%*	October 2013	October 2033	$ 5,870,000	$ 3,271,014
Secured by real estate	65% of AMERIBOR + 2.25%*	October 2013	October 2033	3,817,000	2,126,995
Secured by real estate	65% of AMERIBOR + 2.25%*	April 2015	October 2033	2,040,000	1,159,072
Secured by real estate	3.50%	January 2017	January 2027	1,040,000	758,840
Secured by real estate	5.00%	September 2017	October 2027	1,360,000	1,102,183
					$ 8,418,104

* At June 30, 2024, this rate was 5.44%.

Interest Rate Swap

The Board has three interest rate swap agreements in effect at June 30, 2024. The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Objective. To lower its borrowing costs and increase its savings, the Board issued variable rate debt and simultaneously entered into interest rate swaps to serve as hedges against swings in the cash flows that would be required for its variable rate notes payable. The Board's objective for entering the swaps was to effectively change its new variable rate notes to synthetic fixed rate notes, two at 3.540% and one at 2.984%.

Significant terms and recurring fair value measurements of the three interest rate swaps are as follows:

Swap Related To	Current Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value at 06/30/24	Termination Date
$5,870,000 Note	$ 3,271,014	10/24/2013	3.540%	65% of AMERIBOR + 1.46250%	$ 87,463	10/07/2033
$3,817,000 Note	2,126,995	10/24/2013	3.540	65% of AMERIBOR + 1.46250%	56,874	10/07/2033
$2,040,000 Note	1,159,072	04/01/2015	2.984	65% of AMERIBOR + 1.46250%	59,197	10/07/2033
					$ 203,534	

Interest rate swaps are classified as Level 2 in the fair value hierarchy and are valued based on proprietary models of the financial institution.

The Board entered into the swaps at a cost of $-0-. AMERIBOR is the American Interbank Offered Rate, the benchmark interest rate based on overnight unsecured loans transacted on the American Financial Exchange (AFX).

Credit risk. The Board is exposed to credit risk on the swaps only when their fair values are positive or assets.

Interest rate risk. The Board is exposed to interest rate risk in that when AMERIBOR decreases, the fair value of the swap liability reported by the Board increases.

Termination risk. The Board or its counterparty may terminate the swaps if the other party fails to perform under the terms of the contract. If at the time of termination, the swaps have a negative fair value, the Board would be liable to the counterparty for a payment equal to that fair value.

Rollover risk. The Board is exposed to rollover risk on the interest rate swaps only to the extent that the swaps may be terminated prior to maturity as described above. Absent a termination event, all three swaps are scheduled to mature at the same time as the related debt.

Swap payments and associated debt. Using rates as of June 30, 2024, debt service requirements of the variable rate debt and net swap payments related to those notes, assuming current interest rates remain the same for the term of the bonds, are as follows:

	Variable Rate Notes and Swap Agreements			
	Underlying Notes			
Year Ending June 30,	Principal	Projected Variable Interest Payments at June 30, 2024 Interest Rates	Projected Interest Rate Swap Payments (Receipts) at June 30, 2024 Rates, Net	Total
2025	$ 604,316	$ 318,406	$ (99,169)	$ 823,553
2026	626,562	287,258	(89,456)	824,364
2027	648,766	254,992	(79,398)	824,360
2028	671,357	222,174	(69,170)	824,361
2029	695,569	187,007	(58,214)	824,362
2030-2034	3,310,511	379,976	(118,248)	3,572,239
	$ 6,557,081	**$ 1,649,813**	**$ (513,655)**	**$ 7,693,239**

The net swap payments are the projected difference between the receive variable, pay fixed components of the swap agreement. As rates vary, variable-rate note interest payments and net swap payments will vary. As long as the agreement stays in effect the total payments are not expected to change.

Loan Covenants and Other Matters

The various note agreements described above include certain loan covenants including liquidity and working capital requirements and liabilities to tangible net worth ratio requirements. The Board was in compliance with all such covenants at June 30, 2024. Certain of the agreements also include prepayment premiums.

Note 6 – Leases

Lease Liabilities

A summary of significant leases are as follows:

Lease Description	Term	Asset Class	Interest Rate	Balance
Pitney Bowes-Send Pro C Series	02/07/2024-02/06/2029	Equipment	2.432%	$ 3,065
Ricoh IMC3000 Configurable PTO Model	06/06/2023-06/05/2028	Equipment	3.674	7,902
Ricoh IMC3000 Configurable PTO Model	06/06/2023-06/05/2028	Equipment	3.674	6,788
Ricoh IMC2510 Configurable PTO Model	01/26/2024-01/25/2029	Equipment	2.432	8,950
13 Ricoh Printers (Various Models)	10/23/2021-10/22/2025	Equipment	1.426	22,596
Ricoh IMC2510 Configurable PTO Model	01/23/2024-01/22/2029	Equipment	2.432	9,462
Ricoh IMC3000 Configurable PTO Model	05/23/2023-05/22/2028	Equipment	3.602	8,014
Ricoh Greenline MP C3004	06/07/2022-06/16/2026	Equipment	0.624	2,609
Ricoh IMC2500500	04/01/2022-03/31/2026	Equipment	3.275	2,774
Ricoh IMC2510 Configurable PTO Model	01/26/2024-01/25/2029	Equipment	2.432	8,853
Ricoh IMC2510 Configurable PTO Model	01/26/2024-01/25/2029	Equipment	2.432	8,040
Ricoh IM2500A Configurable PTO Model	01/23/2024-01/22/2029	Equipment	2.432	6,968
Ricoh IMC2510 Configurable PTO Model	01/23/2024-01/22/2029	Equipment	2.432	8,315
				$ 104,336

Short-Term Leases

The Board leases office space, parking, and other facilities under lease terms which range from monthly to a year. Future minimum lease requirements under non-cancellable short-term leases, excluding intercompany amounts, are $277,570 for fiscal year 2025.

Rental expense related to short-term leases for 2024 totaled $285,971, excluding $2,296,681 of intercompany amounts.

RTCSB, Inc. leases office space and other facilities to the Board, as well as commercial and residential lessees, however, all such rentals are intercompany agreements and, as such, activity is eliminated in consolidation.

Total rental income related to non-intercompany short-term leases for the year ended June 30, 2024 totaled $28,812, excluding intercompany rents.

Note 7 – Regional Funds

The Board serves as the fiscal agent for several regional programs, which are administered by several community services boards, including the Board, in a region established by the State. The Board oversees a pool of state funds, and directs the allocation of those funds to or on behalf of various community services boards within the region. The programs include discharge assistance program (DAP), acute care local inpatient purchase of services (LIPOS), mental health crisis and other (MH Other), system transformation excellence and performance (STEP), permanent supportive housing, domestic violence crisis stabilization (DV), and substance use disorders – community detox (SUD). There are also federal funds which include

American Rescue Plan Funds. The funds spent in the fiscal year are accounted for as revenues and expenses of the Board. The funds received by the Board and spent on behalf of the region consisted of the following:

Unearned revenue	
DAP	$ 6,590,799
LIPOS	832,840
MH Other	404,777
STEP	6,254,162
Permanent supportive housing	796,854
DV	1,991,327
SUD	141,520
Federal	1,450,000
Balance, June 30, 2023	**$ 18,462,279**
Funds received	
DAP	$ 11,892,012
LIPOS	602,873
MH Other	3,204,003
STEP	8,266,957
Permanent supportive housing	5,492,003
DV	3,340,904
SUD	165,000
Federal	521,800
Total funds received	**$ 33,485,552**
Funds spent	
DAP	18,206,934
LIPOS	903,738
MH Other	3,558,637
STEP	6,194,792
DV	2,013,510
SUD	287,215
Total funds spent	**$ 31,164,826**
Unearned revenue	
DAP	$ 275,877
LIPOS	531,975
MH Other	50,143
STEP	8,326,327
Permanent supportive housing	6,288,857
DV	3,318,721
SUD	19,305
Federal	1,971,800
Balance, June 30, 2024	**$ 20,783,005**

The $31,164,826 of revenue recognized for funds spent on behalf of the region are included in Commonwealth of Virginia and federal grants and the expenses are included in salaries and benefits, contractual and professional services, and client services on the statement of revenues, expenses, and changes in fund net position. Of these funds spent on behalf of the region, $10,649,064 was for services provided directly by the Board, with the remaining spent on behalf of the remaining participating community services boards.

Note 8 – Defined Benefit Pension Plan

Plan Description

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

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

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

Employees Covered by Benefit Terms

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

	Members
Inactive members or their beneficiaries currently receiving benefits	221
Inactive members	
Vested inactive members	189
Non-vested inactive members	556
LTD	2
Inactive members active elsewhere in VRS	208
Total inactive members	955
Active members	398
Total covered employees	**1,574**

Contributions

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2024 was 2.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Political Subdivision were $292,848 and $281,599 for the years ended June 30, 2024 and 2023, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability (asset) was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

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

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

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

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

> General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates to better fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	$ 6.14%	2.09%
Fixed Income	15.00	2.56	0.38
Credit Strategies	14.00	5.60	0.78
Real Assets	14.00	5.02	0.70
Private Equity	16.00	9.17	1.47
MAPS – Multi-Asset Public Strategies	4.00	4.50	0.18
PIP – Private Investment Partnership	2.00	7.18	0.14
Cash	1.00	1.20	0.01
Total	100.00%		5.75
Inflation			2.50
*Expected arithmetic nominal return			**8.25%**

* The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

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

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) – (b)**
Balances at June 30, 2022	$ 61,316,999	$ 71,791,960	$ (10,474,961)
Changes for the year			
Service cost	1,707,171	-	1,707,171
Interest	4,145,010	-	4,145,010
Differences between expected and actual experience	71,178	-	71,178
Contributions – employer	-	281,599	(281,599)
Contributions – employee	-	959,398	(959,398)
Net investment income	-	4,583,075	(4,583,075)
Benefit payments, including refunds of employee contributions	(3,233,240)	(3,233,240)	-
Administrative expenses	-	(46,338)	46,338
Other changes	-	1,841	(1,841)
Net changes	2,690,119	2,546,335	143,784
Balances at June 30, 2023	**$ 64,007,118**	**$ 74,338,295**	**$ (10,331,177)**

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

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

	1.00% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1.00% Increase (7.75%)**
Political subdivision's net pension liability (asset)	**$ (740,288)**	**$ (10,331,177)**	**$ (17,858,812)**

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

For the year ended June 30, 2024, the political subdivision recognized pension benefit of $451,056. At June 30, 2024, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 32,283	$ -
Net difference between projected and actual earnings on pension plan investments	-	1,137,337
Employer contributions subsequent to the measurement date	292,848	-
	$ 325,131	**$ 1,137,337**

The $292,848 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Effect on Pension Expense
2025	$ (791,695)
2026	(1,385,378)
2027	1,033,189
2028	38,830
2029	-
Thereafter	-

Pension Plan Data

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

Payables to the Pension Plan

At June 30, 2024, approximately $207,000 was payable to the Virginia Retirement System for the legally required contributions related to June 2024 payroll.

Note 9 – Other Postemployment Benefits Liability – Virginia Retirement System Plans

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

Plan Descriptions

Group Life Insurance Program

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

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

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

The GLI plan is administered by the VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. This plan is considered a multiple employer, cost sharing plan.

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	*Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2024 Contribution	$127,756
June 30, 2023 Contribution	$115,289

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

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

The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2024 proportionate share of liability	$	1,086,818
June 30, 2023 proportion		0.09062%
June 30, 2022 proportion		0.09233%
June 30, 2024 benefit	$	4,216

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

At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 108,547	$ 32,990
Change in assumptions	23,231	75,299
Net difference between projected and actual earnings on OPEB plan investments	-	43,675
Changes in proportion	18,437	191,556
Employer contributions subsequent to the measurement date	127,756	-
	$ 277,971	**$ 343,520**

The deferred outflows of resources related to OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2025	$ (65,538)
2026	(107,968)
2027	(27,924)
2028	954
2029	7,171
Thereafter	-

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

Inflation	2.50%
Salary increases, including inflation:	
• Locality – general employees	3.50 – 5.35%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation	GLI: 6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 8.

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	$ 3,907,052
Plan fiduciary net position	2,707,739
Employers' net OPEB liability	1,199,313
Plan fiduciary net position as a percentage of total OPEB liability	69.30%

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

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS investments was determined using the method described in Note 8.

Discount Rate

The discount rate used to measure the GLI 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 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, 2023, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Board, as well as what the Board's net 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 discount rate:

	1.00% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1.00% Increase (7.75%)**
GLI Net OPEB liability	**$ 1,611,004**	**$ 1,086,818**	**$ 663,010**

OPEB Plan Fiduciary Net Position

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

Note 10 – Other Postemployment Benefits Liability – Local Plan

Plan Description

The Board offers health insurance benefits to qualified retirees under a single-employer plan. Participants must be eligible to retire with a pension benefit from the VRS and must have at least 11 years of full-time service at the Board at the date of retirement with at least five years of continuous service as of July 1, 2012. Employees who were hired after July 1, 2007 or without the service requirements as of July 1, 2012 are not eligible for the plan. Health benefits include medical, dental, and vision coverage for retirees and eligible spouses/dependents.

Eligible retirees under the age of 65 may choose one of the following health insurance options: (a) Coventry Health Care – POS 1500, (b) Coventry Health Care – POS 4000/CDHP, or (c) Coventry Health Care – PPO 1500. Coverage in the plan ends for the retiree when the retiree reaches age 65, after which the Board pays directly to the retiree half the amount of the contribution that the Board would pay if the retiree were under age 65 to purchase supplemental healthcare coverage. Coverage for the spouse ends at the spouse's attainment of age 65. Effective July 1, 2013, post-65 retiree medical benefits have been eliminated for participants who retire after June 30, 2016. Retirees may also choose between the High and Low Premium Dental Plans.

The authority to establish and amend the benefit provisions of the plan rests with the Board. There is no publicly available financial report for the plan.

The contribution requirements of plan members and the Board are established and may be amended by the Board. For eligible retirees, the Board makes monthly contributions directly to retirees under age 65 according to years of service. Monthly contributions range from $17 for 11 years of service to $345 for 30 or more years of service. Once the retiree reaches age 65, the Board pays directly to the retiree no more than half the amount of the contribution that the Board would pay the retiree under 65. Spouses and dependents receive no explicit contribution from the Board.

The Board moved from a self-funded group plan to the individual marketplace effective January 1, 2024. The benefit that now applies to future eligible retiring employees is equal to the fixed contribution amount that varies based on years of service at retirement. This benefit ends at age 65. The reimbursement benefit, previously available for life, for all grandfathered Medicare retirees ends effective December 31, 2024.

Employees Covered by Benefit Terms

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

	Members
Inactive employees or beneficiaries	
Currently receiving benefits	26
Active plan members	59
	85

Total OPEB Liability

The Board's total OPEB liability of $275,485 was measured as of June 30, 2024 and was determined based on an actuarial valuation performed as of June 30, 2024.

Actuarial Assumptions and Other Inputs

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

Salary increases, including inflation	2.00%

Mortality rates: Healthy life mortality: Society of actuaries Pub-2010 public retirement plans headcount-weighted general mortality tables using scale MP-2021 full generational improvement.

Disabled life mortality: Society of actuaries Pub-2010 public retirement plans headcount-weighted disabled mortality tables using scale MP-2021 full generational improvement.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study as of June 30, 2024.

Changes in assumptions and other inputs reflect an increase in the discount rate from 4.00% to 4.10%, update of the mortality table, updated premiums, and updated turnover and retirement rates.

Region Ten Community Services Board

Notes to Financial Statements

June 30, 2024

Changes in the Total OPEB Liability

Balance at June 30, 2023	$ 911,967
Changes for the year	
Service cost	12,037
Interest	36,387
Changes in benefit terms	(694,017)
Differences between expected and actual experience	39,672
Assumption or other input changes	(1,900)
Benefit payments	(28,661)
Net changes	(636,482)
Balance at June 30, 2024	**$ 275,485**

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

The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.10%) or one percentage point higher (5.10%) than the current discount rate:

	1.00% Decrease (3.10%)	**Current Discount Rate (4.10%)**	**1.00% Increase (5.10%)**
Total OPEB liability	**$ 295,187**	**$ 275,485**	**$ 257,326**

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

Given the change in benefit terms, none of the benefits are subject to trend.

	Current Trend Rates
Total OPEB liability	**$ 275,485**

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

For the year ended June 30, 2024, the Board recognized OPEB benefit of $788,265. At June 30, 2024, the Political Subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 115,349	$ 446,987
Change in assumptions	66,527	30,282
	$ 181,876	**$ 477,269**

The Board's amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Reduction to OPEB Expense
2025	$ (133,841)
2026	(161,552)
2027	-
2028	-
2029	-
Thereafter	-

Note 11 – Unearned Revenue

At June 30, 2024, unearned revenue consists of funding for the regional funds as described in Note 7, permanent supportive housing, crisis stabilization programs, system transformation excellence and performance funds, and other supportive programs. Unearned revenue consists of:

Regional programs	$ 20,783,005
Permanent supportive housing	2,368,332
Opioid abatement	229,636
American Rescue Plan Act non-regional	20,354
Other supportive programs	183,906
	$ 23,585,233

Note 12 – Deferred Compensation Plan

The Board offers its employees a deferred compensation plan created in accordance with the *IRC* Section 457. The plan, available to all Board employees, permits them to defer the payment of a portion of their salary until termination, retirement, death, or unforeseeable emergency. All amounts of deferred compensation, including the investments and earnings thereon, remain the property of the Board until paid to the employee, subject to the claims of general creditors. Participating employees' rights under the plan are equal to those of general creditors. It is the opinion of legal counsel that the Board has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. The plan assets are held by a trustee and, therefore, are not reported in the financial statements.

Note 13 – Net Client Service Revenue

Net client revenues arose from the following sources:

Medicaid	$ 17,173,627
Third-party, direct client fees, and other	4,499,198
	$ 21,672,825

Note 14 – Contributions from Participating Local Governments

Contributions from participating local governments were as follows:

County of Albemarle	$	824,520
County of Fluvanna		131,794
County of Nelson		150,000
County of Greene		132,515
County of Louisa		145,000
City of Charlottesville		1,142,332
	$	**2,526,161**

Note 15 – Other Income

Other income arose from the following sources:

Donations	$	58,824
Contract and other		1,633,764
	$	**1,692,588**

Note 16 – Commitments and Contingencies

Certain state and federal grants and programs are subject to audit to determine compliance with their requirements. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial. The Board also occasionally is the subject of litigation in the course of conducting its business. The Board has recorded no provision for adverse outcomes of such matters as of June 30, 2024.

The Board is constructing a counseling center in Louisa County. Construction in progress at June 30, 2024 for this project is approximately $2,705,000. The future commitment of this project is approximately $5,350,000.

Note 17 – Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors, and omissions; the health of and injuries to employees, and natural disasters. The Board participates in Virginia Association of Counties Group Self-Insurance Risk Pool for various liability coverages, which have up to $4,000,000 in coverage limits. The Board participates in the VACO Risk Management pool for workers' compensation coverage. There are no surety bonds for directors. The Board assumes risks related to co-insurance, policy deductibles, and claims which exceed insurance coverage. There have been no settlements that have exceeded the insurance coverage in the last three years and there has been no reduction in the amount of insurance coverage from the prior year.

Note 18 – Subsequent Event

The Board signed a contract on October 2, 2024, for the purchase of the property located at 110 Avon Street, Charlottesville, Virgnia for $7,800,000. This property will be the future site of the Board's Administrative offices.

Note 19 – New Accounting Standards

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No**. 102, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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

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Required Supplementary Information

Region Ten Community Services Board

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2024

	Plan Year		
	2023	**2022**	**2021**
Total Pension Liability			
Service cost	$ 1,707,171	$ 1,419,599	$ 1,514,054
Interest on total pension liability	4,145,010	3,948,295	3,715,344
Difference between expected and actual experience	71,178	301,432	(2,443,276)
Changes in assumptions	-	-	1,970,707
Benefit payments, including refunds of employee contributions	(3,233,240)	(2,851,974)	(2,598,628)
Net change in total pension liability	2,690,119	2,817,352	2,158,201
Total pension liability – beginning	61,316,999	58,499,647	56,341,446
Total pension liability – ending	64,007,118	61,316,999	58,499,647
Plan Fiduciary Net Position			
Contributions – employer	281,599	400,499	389,795
Contributions – employee	959,398	901,117	870,914
Net investment income	4,583,075	(67,478)	16,016,711
Benefit payments, including refunds of employee contributions	(3,233,240)	(2,851,974)	(2,598,628)
Administrative expenses	(46,338)	(45,841)	(40,093)
Other	1,841	1,687	1,508
Net change in plan fiduciary net position	2,546,335	(1,661,990)	14,640,207
Plan fiduciary net position – beginning	71,791,960	73,453,950	58,813,743
Plan fiduciary net position – ending	74,338,295	71,791,960	73,453,950
Net pension asset – ending	**$(10,331,177)**	**$(10,474,961)**	**$(14,954,303)**
Plan fiduciary net position as a percentage of total pension liability	**116%**	**117%**	**126%**
Covered payroll	**$ 21,521,025**	**$ 18,524,058**	**$ 17,162,255**
Net pension asset as a percentage of covered payroll	**-48%**	**-57%**	**-87%**

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

Plan Year						
2020	2019	2018	2017	2016	2015	2014
$ 1,830,944	$ 1,732,323	$ 1,777,360	$ 1,860,920	$ 1,948,913	$ 1,843,684	$ 1,831,405
3,503,105	3,347,583	3,146,376	3,035,321	2,855,267	2,694,527	2,487,518
278,510	(440,052)	(4,732)	(743,067)	(458,653)	(619,325)	-
-	1,680,138	-	(691,717)	-	-	-
(2,337,943)	(2,151,550)	(1,937,677)	(1,812,238)	(1,734,441)	(1,510,754)	(1,212,532)
3,274,616	4,168,442	2,981,327	1,649,219	2,611,086	2,408,132	3,106,391
53,066,830	48,898,388	45,917,061	44,267,842	41,656,756	39,248,624	36,142,233
56,341,446	53,066,830	48,898,388	45,917,061	44,267,842	41,656,756	39,248,624
399,125	452,850	680,263	678,475	989,438	965,578	943,142
974,605	1,135,689	1,081,693	1,084,940	991,398	966,114	943,094
1,121,524	3,709,979	3,853,853	5,684,422	813,303	1,987,824	5,825,974
(2,337,943)	(2,151,550)	(1,937,677)	(1,812,238)	(1,734,441)	(1,510,754)	(1,212,532)
(38,242)	(36,357)	(32,792)	(32,211)	(27,812)	(26,385)	(30,517)
(1,326)	(2,343)	(3,450)	(5,077)	(339)	(423)	307
117,743	3,108,268	3,641,890	5,598,311	1,031,547	2,381,954	6,469,468
58,696,000	55,587,732	51,945,842	46,347,531	45,315,984	42,934,030	36,464,562
58,813,743	58,696,000	55,587,732	51,945,842	46,347,531	45,315,984	42,934,030
$ (2,472,297)	**$ (5,629,170)**	**$ (6,689,344)**	**$ (6,028,781)**	**$ (2,079,689)**	**$ (3,659,228)**	**$ (3,685,406)**
104%	**111%**	**114%**	**113%**	**105%**	**109%**	**109%**
$ 19,776,756	**$ 22,294,557**	**$ 21,873,350**	**$ 20,920,226**	**$ 20,109,602**	**$ 19,332,071**	**$ 18,572,307**
-13%	**-25%**	**-31%**	**-29%**	**-10%**	**-19%**	**-20%**

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Region Ten Community Services Board

Required Supplementary Information
Schedule of Pension Contributions
June 30, 2024

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 292,848	$ 292,848	$ -	$ 23,987,386	1.22 %
2023	281,599	281,599	-	21,521,025	1.31
2022	400,499	400,499	-	18,524,058	2.16
2021	389,795	389,795	-	17,162,255	2.27
2020	399,125	399,125	-	19,776,756	2.02
2019	452,850	452,850	-	22,294,557	2.03
2018	680,263	680,263	-	21,873,350	3.11
2017	676,559	676,559	-	20,920,226	3.23
2016	989,306	989,306	-	20,109,602	4.92
2015	964,934	964,934	-	19,332,071	4.99

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

Region Ten Community Services Board

Required Supplementary Information
Schedule of Employer's Share of Net OPEB Liability – VRS
June 30, 2024

Entity Fiscal Year Ended June 30,	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System – Group Life Insurance – General Employees					
2024	0.09 %	$ 1,086,818	$ 21,521,025	5.05 %	69.30 %
2023	0.09	1,111,742	18,524,058	6.00	67.21
2022	0.09	1,062,863	17,162,255	6.19	67.45
2021	0.11	1,793,165	19,776,756	9.07	52.64
2020	0.12	1,908,000	22,294,557	8.56	52.00
2019	0.12	1,749,000	21,873,350	8.00	51.22
2018	0.11	1,708,000	20,920,226	8.16	48.86

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

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the entity's fiscal year.

Region Ten Community Services Board

Required Supplementary Information
Schedule of OPEB Contributions – VRS
June 30, 2024

Entity Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System – Group Life Insurance – General Employees					
2024	$ 127,756	$ 127,756	$ -	$ 23,987,386	0.53 %
2023	115,289	115,289	-	21,521,025	0.54
2022	108,490	108,490	-	18,524,058	0.59
2021	101,791	101,791	-	17,162,255	0.59
2020	114,996	114,996	-	19,776,756	0.58
2019	119,551	119,551	-	22,294,557	0.54
2018	123,905	123,905	-	21,873,350	0.57

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

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

Region Ten Community Services Board

Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios – Local Plan
June 30, 2024

	2024	2023	2022
Total OPEB Liability			
Service cost	$ 12,037	$ 12,379	$ 51,903
Interest on total OPEB liability	36,387	44,686	44,597
Changes in benefit terms	(694,017)	-	-
Difference between expected and actual experience	39,672	(242,582)	(915,316)
Changes in assumptions	(1,900)	31,498	(69,642)
Employer contributions	(28,661)	(134,885)	(177,281)
Net change in total OPEB liability	(636,482)	(288,904)	(1,065,739)
Total OPEB liability – beginning	911,967	1,200,871	2,266,610
Total OPEB liability – ending	275,485	911,967	1,200,871
Plan Fiduciary Net Position			
Plan fiduciary net position – ending	-	-	-
Net OPEB liability – ending	**$ 275,485**	**$ 911,967**	**$ 1,200,871**
Plan fiduciary net position as a percentage of total OPEB liability	**0%**	**0%**	**0%**
Covered payroll	**$ 3,305,987**	**$ 4,011,142**	**$ 4,011,142**
Net OPEB liability as a percentage of covered payroll	**8%**	**23%**	**30%**

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

2021	2020	2019	2018
$ 41,722	$ 44,763	$ 36,571	$ 37,953
51,815	52,870	44,141	46,429
-	-	-	-
129,307	164,029	113,212	-
102,093	(4,047)	249,276	(71,139)
(18,998)	(29,054)	(24,238)	(55,386)
305,939	228,561	418,962	(42,143)
1,960,671	1,732,110	1,313,148	1,355,291
2,266,610	1,960,671	1,732,110	1,313,148
-	-	-	-
$ 2,266,610	**$ 1,960,671**	**$ 1,732,110**	**$ 1,313,148**
0%	**0%**	**0%**	**0%**
$ 5,967,382	**$ 5,967,382**	**$ 5,719,900**	**$ 5,719,900**
38%	**33%**	**30%**	**23%**

Region Ten Community Services Board

Required Supplementary Information
Schedule of OPEB Contributions – Local Plan
June 30, 2024

Entity Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 28,661	$ 28,661	$ -	$ 3,305,987	0.87 %
2023	134,885	134,885	-	4,011,142	3.36
2022	177,281	177,281	-	4,011,142	4.42
2021	18,998	18,998	-	5,967,382	0.32
2020	29,054	29,054	-	5,967,382	0.49
2019	24,238	24,238	-	5,719,900	0.42
2018	55,386	55,386	-	5,719,900	0.97

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

Region Ten Community Services Board

Notes to Required Supplementary Information

June 30, 2024

Note 1 – Changes of Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2 – Changes of Assumptions

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

Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to discount rate.
- Applicable to: Pension and GLI OPEB.

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Other Supplementary Information

Region Ten Community Services Board

Combining Statement of Net Position

June 30, 2024

	Region Ten Community Services Board	Region Ten Community Services Board, Inc.	Pine Ridge Residence, Inc.	Inter-Company Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 16,330,023	$ 8,405,329	$ 6,050	$ -	$ 24,741,402
Accounts receivable, net	2,274,146	-	-	-	2,274,146
Due from other governments	460,469	-	-	-	460,469
Other receivables	259	6,800	-	-	7,059
Prepaid expenses and other	59,026	102,000	-	-	161,026
Due from related party	71,787	-	-	(71,787)	-
Interest rate swap asset	-	203,534	-	-	203,534
Cash and cash equivalents, restricted	20,843,615	-	43,694	-	20,887,309
Total current assets	40,039,325	8,717,663	49,744	(71,787)	48,734,945
NONCURRENT ASSETS					
Funds held by others	-	497,291	-	-	497,291
Net pension asset	10,331,177	-	-	-	10,331,177
Capital assets, net	1,803,471	26,197,047	291,905	-	28,292,423
Total noncurrent assets	12,134,648	26,694,338	291,905	-	39,120,891
Total assets	52,173,973	35,412,001	341,649	(71,787)	87,855,836
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	325,131	-	-	-	325,131
Deferred outflows related to other postemployment benefits	459,847	-	-	-	459,847
Total deferred outflows of resources	784,978	-	-	-	784,978
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	889,545	708,275	-	-	1,597,820
Accrued payroll and related liabilities	1,123,462	-	-	-	1,123,462
Other liabilities	4,379	31,794	832	-	37,005
Amounts held for clients, payable from restricted assets	49,938	-	-	-	49,938
Due to related party	-	-	71,787	(71,787)	-
Unearned revenue	21,610,104	1,975,129	-	-	23,585,233
Current portion of long-term liabilities	1,912,376	704,684	-	-	2,617,060
Total current liabilities	25,589,804	3,419,882	72,619	(71,787)	29,010,518
LONG-TERM LIABILITIES					
Other postemployment benefits	1,362,303	-	-	-	1,362,303
Long-term liabilities, noncurrent portion	202,413	7,713,420	-	-	7,915,833
Total long-term liabilities	1,564,716	7,713,420	-	-	9,278,136
Total liabilities	27,154,520	11,133,302	72,619	(71,787)	38,288,654
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	1,137,337	-	-	-	1,137,337
Deferred inflows related to other postemployment benefits	820,789	-	-	-	820,789
Interest rate swaps	-	203,534	-	-	203,534
Total deferred inflows of resources	1,958,126	203,534	-	-	2,161,660
NET POSITION					
Net investment in capital assets	1,272,111	17,070,668	291,905	-	18,634,684
Restricted					
Annette Vail Memorial Trust	10,000	-	-	-	10,000
Housing and Urban Development capital advance	-	-	502,700	-	502,700
Pension	10,331,177	-	-	-	10,331,177
Unrestricted	12,233,017	7,004,497	(525,575)	-	18,711,939
Total net position	**$ 23,846,305**	**$ 24,075,165**	**$ 269,030**	**$ -**	**$ 48,190,500**

Region Ten Community Services Board

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Year Ended June 30, 2024

	Region Ten Community Services Board	Region Ten Community Services Board, Inc.	Pine Ridge Residence, Inc.	Inter-Company Eliminations	Total
OPERATING REVENUES					
Net client service revenue	$ 21,672,825	$ -	$ -	$ -	$ 21,672,825
OPERATING EXPENSES					
Salaries and benefits	32,515,112	-	-	-	32,515,112
Staff development and recruitment	417,377	-	-	-	417,377
Facility	4,646,225	309,195	6,947	(2,296,681)	2,665,686
Supplies	2,201,363	-	4,966	-	2,206,329
Travel	386,386	-	-	-	386,386
Contractual and professional services	10,076,465	-	8,424	-	10,084,889
Client services	16,662,343	-	-	-	16,662,343
Depreciation and amortization	528,251	796,944	12,473	-	1,337,668
Other	117,330	4,439	3,349	(2,400)	122,718
Total operating expenses	67,550,852	1,110,578	36,159	(2,299,081)	66,398,508
Operating loss	(45,878,027)	(1,110,578)	(36,159)	2,299,081	(44,725,683)
NONOPERATING REVENUES (EXPENSES)					
Commonwealth of Virginia grants	43,862,422	-	-	-	43,862,422
Federal grants	6,257,588	-	-	-	6,257,588
Contributions from participating local governments	2,526,161	-	-	-	2,526,161
Interest income	679,714	-	39	-	679,753
Loss on disposal of capital assets	(34,890)	-	-	-	(34,890)
Unrealized gain funds held by others	-	246,044	-	-	246,044
Interest expense and other fees	(23,833)	(329,506)	-	-	(353,339)
Rental income	-	2,309,600	15,893	(2,296,681)	28,812
Other income	1,635,115	59,873	-	(2,400)	1,692,588
Net nonoperating revenue	54,902,277	2,286,011	15,932	(2,299,081)	54,905,139
Change in net position before transfers	9,024,250	1,175,433	(20,227)	-	10,179,456
Transfers in (out)	(306,244)	306,244	-	-	-
Change in net position	8,718,006	1,481,677	(20,227)	-	10,179,456
NET POSITION, at July 1	15,128,299	22,593,488	289,257	-	38,011,044
NET POSITION, at June 30	**$ 23,846,305**	**$ 24,075,165**	**$ 269,030**	**$ -**	**$ 48,190,500**

Region Ten Community Services Board

Combining Statement of Cash Flows

Year Ended June 30, 2024

	Region Ten Community Services Board	Region Ten Community Services Board, Inc.	Pine Ridge Residence, Inc.	Inter-Company Eliminations	Total
OPERATING ACTIVITIES					
Receipts from clients, private insurers, Medicaid, and others	$ 21,572,095	$ -	$ -	$ -	$ 21,572,095
Payments to suppliers	(34,065,377)	(487,640)	(23,686)	2,299,081	(32,277,622)
Payments to and for employees	(34,327,126)	-	-	-	(34,327,126)
Other receipts	(83,173)	-	(107)	-	(83,280)
Net cash used in operating activities	(46,903,581)	(487,640)	(23,793)	2,299,081	(45,115,933)
NON-CAPITAL FINANCING ACTIVITIES					
Contributions from local, state, and federal governments	54,552,855	-	-	-	54,552,855
Other receipts	1,435,629	2,782,837	24,955	(2,299,081)	1,944,340
Transfers	(2,281,373)	2,281,373	-	-	-
Net cash provided by non-capital financing activities	53,707,111	5,064,210	24,955	(2,299,081)	56,497,195
CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(399,383)	(1,864,822)	-	-	(2,264,205)
Proceeds from the sale of capital assets	-	-	-	-	-
Principal paid on debt	(264,550)	(696,067)	-	-	(960,617)
Interest paid on debt	(23,907)	(346,388)	-	-	(370,295)
Net cash used in capital and related financing activities	(687,840)	(2,907,277)	-	-	(3,595,117)
INVESTING ACTIVITIES					
Interest received	679,714	-	39	-	679,753
Net increase in cash and cash equivalents	6,795,404	1,669,293	1,201	-	8,465,898
CASH AND CASH EQUIVALENTS					
Beginning at July 1	30,378,234	6,736,036	48,543	-	37,162,813
Ending at June 30	**$ 37,173,638**	**$ 8,405,329**	**$ 49,744**	**$ -**	**$ 45,628,711**
RECONCILIATION TO STATEMENT OF NET POSITION					
Cash and cash equivalents	$ 16,330,023	$ 8,405,329	$ 6,050	$ -	$ 24,741,402
Cash and cash equivalents, restricted	20,843,615	-	43,694	-	20,887,309
	$ 37,173,638	**$ 8,405,329**	**$ 49,744**	**$ -**	**$ 45,628,711**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES					
Operating loss	$ (45,878,027)	$ (1,110,578)	$ (36,159)	$ 2,299,081	$ (44,725,683)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation and amortization	528,251	796,944	12,473	-	1,337,668
Pension expense net of employer contribution	(743,905)	-	-	-	(743,905)
Other postemployment expense net of employer contribution	(958,035)	-	-	-	(958,035)
Increase in:					
Accounts receivable, net	(100,730)	-	-	-	(100,730)
Prepaid expenses and other	(59,026)	(102,000)	-	-	(161,026)

Region Ten Community Services Board

Combining Statement of Cash Flows

Year Ended June 30, 2024

	Region Ten Community Services Board	Region Ten Community Services Board, Inc.	Pine Ridge Residence, Inc.	Inter-Company Eliminations	Total
Increase (decrease) in:					
Accounts payable	501,138	(72,006)	-	-	429,132
Accrued payroll and related liabilities	(312,712)	-	-	-	(312,712)
Security deposits payable – included in other liabilities	-	-	(107)	-	(107)
Amounts held for clients, payable from restricted assets	(83,173)	-	-	-	(83,173)
Compensated absences – included in long-term liabilities	202,638	-	-	-	202,638
Net cash used in operating activities	**$ (46,903,581)**	**$ (487,640)**	**$ (23,793)**	**$ 2,299,081**	**$ (45,115,933)**
SCHEDULE OF NON-CASH ACTIVITIES					
Capital assets obtained through lease liabilities, subscription based information technology agreements, and accounts payable	**$ 336,832**	**$ 708,275**	**$ -**	**$ -**	**$ 1,045,107**

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Compliance Section

BrownEdwards
certified public accountants

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

To the Board of Directors
Region Ten Community Services Board
Charlottesville, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Region Ten Community Services Board (the "Board"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 6, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed 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 Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 6, 2024

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

To the Board of Directors
Region Ten Community Services Board
Charlottesville, Virginia

Report on Compliance for the Major Federal Program

Opinion on Compliance for the Major Federal Program

We have audited Region Ten Community Services Board's (the "Board") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Board's major federal program for the year ended June 30, 2024. The Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The Board's basic financial statements include the operations of Pine Ridge Residence, Inc., which is the recipient of $502,700 in Housing and Urban Development capital advance and tenant rent assistance funds. These federal awards are not included in the Board's schedule of expenditures of federal awards for the year ended June 30, 2024, which are compiled in a separate engagement.

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion for the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 6, 2024

Region Ten Community Services Board

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/Grant Program/Grant Number	Award Date	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Amounts	Expenditures
Department of Housing and Urban Development					
Direct Payments					
Emergency Solutions Grants Program	06/01/2023	14.231	N/A		$ 395,524
Pass-Through Payments					
Virginia Housing Development Authority					
VHDA Administrative Services	06/01/2023	14.000	Not Available		145,262
Total Department of Housing and Urban Development					540,786
Department of Education					
Pass-Through Payments					
Virginia Department of Behavioral Health and Developmental Services					
Early Intervention – Part C	07/01/2023	84.181	430850090		439,347
Department of Health and Human Services					
Pass-Through Payments					
Virginia Department of Behavioral Health and Developmental Services					
PATH	09/01/2023	93.150	511010090		53,209
COVID-19 – Project Link ARPA	10/01/2023	93.959	Not Available	26,879	
Block Grants for the Prevention and Treatment of Substance Abuse	09/01/2022	93.959	502510090, 591100090, 502710090, 599100090, 502510090, 502710090, and 599100090	1,042,484	
Subtotal COVID-19 Project Link ARPA and Block Grants for the Prevention and Treatment of Substance Abuse – 93.959					1,069,363
Consolidated Appropriations Act	07/01/2023	93.958	Not Available	23,100	
Block Grants for Community Mental Health Services	09/30/2023	93.958	522010090, 590020090, 561000090, 522010090, 522010090, and 590010090	640,717	
Subtotal CAA and Block Grants for Community Mental Health Services – 93.958					663,817
Implementation of Children's Behavioral Health Services Expansion	10/01/2023	93.243	SM-21-007		153,617
Opioid State Targeted Response	07/01/2023	93.788	530030090, 530040090, 5302400090, and 530340090		514,504
Total Department of Health and Human Services					2,454,510
US Department of Treasury					
Pass-Through Payments					
Virginia Department of Behavioral Health and Developmental Services					
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	07/01/2022	21.027	Not Available		110,074
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	07/01/2022	21.027	Not Available	1,206,843	
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	07/01/2022	21.027	Not Available	1,506,028	
Subtotal COVID-19 Coronavirus State and Local Fiscal Recovery Funds – 21.027					2,712,871
Total US Department of Treasury					2,822,945
Total expenditures of federal awards					**$ 6,257,588**

Region Ten Community Services Board

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Notes: The schedule of expenditures of federal awards presents the activity of all federal award programs of the Board and is presented on the accrual basis of accounting.

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

The Board does not have any outstanding loan balances requiring continuing disclosure.

The fiscal year 2024 schedule includes $2,712,871 of fiscal year 2023 expenditures for COVID-19 Coronavirus State and Local Fiscal Recovery Funds due to delays in determination of full use of funds and approvals at the pass-through entity level.

Region Ten Community Services Board

Summary of Compliance Matters

June 30, 2024

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

State Compliance Matters

Code of Virginia
- Cash and Investment Laws
- Local Retirement Systems
- Debt Provisions
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act

Federal Compliance Matters

Compliance Supplement for Single Audits of State and Local Governments

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

Region Ten Community Services Board

Schedule of Findings and Questions Costs

June 30, 2024

A – Summary of Auditor's Results

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

	Assistance Listing #
Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The threshold for distinguishing Type A and B programs was $750,000.
9. The Board was determined to be a low-risk auditee.

B – Findings – Financial Statement Audit

None.

C – Findings and Questioned Costs – Major Federal Award Program Audit

None.

D – Findings – Commonwealth of Virginia

None.