

ROCKBRIDGE AREA
SOCIAL SERVICES BOARD

(A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

ROCKBRIDGE AREA SOCIAL SERVICES BOARD

**(A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)**

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

BOARD OF SOCIAL SERVICES

Mike Gilmore

Michelle Watkins

Michele Hentz

Torben Pedersen

Paul Janiczek

Tony McFaddin

OFFICERS

Dinah Clark, Director

Betty S. Trovato, Board Fiscal Officer

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS
ROCKBRIDGE AREA SOCIAL SERVICES BOARD (A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia), as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 18, to the financial statements, in 2021, the Rockbridge Area Social Services Board, adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 18, to the financial statements, in 2021, the Rockbridge Area Social Services Board, restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules related to pension and OPEB funding on pages 38-46 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2022, on our consideration of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Staunton, Virginia
March 23, 2022

BASIC FINANCIAL STATEMENTS

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 1

Statement of Net Position
As of June 30, 2021

| | Governmental Activities |
|---------------------------------------|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 565,937 |
| Accounts receivable | 466 |
| Due from other governmental units | 1,535,096 |
| Net pension asset | 149,825 |
| Total assets | <u>\$ 2,251,324</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension related items | \$ 233,727 |
| OPEB related items | 27,283 |
| Total deferred outflows of resources | <u>\$ 261,010</u> |
| LIABILITIES | |
| Accounts payable | \$ 1,121,033 |
| Due to participating jurisdictions | 980,344 |
| Due within one year | 21,369 |
| Due in more than one year | 161,714 |
| Total liabilities | <u>\$ 2,284,460</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension related items | \$ 15,493 |
| OPEB related items | 8,355 |
| Total deferred inflows of resources | <u>\$ 23,848</u> |
| NET POSITION | |
| Restricted | \$ 149,825 |
| Unrestricted | 54,201 |
| Total net position | <u><u>\$ 204,026</u></u> |

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

Statement of Activities
Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|-------------------------------|--------------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| | | | | | Governmental Activities |
| Governmental activities: | | | | | |
| Health and welfare | \$ 9,617,402 | \$ - | \$ 9,611,699 | \$ - | \$ (5,703) |
| Total governmental activities | \$ 9,617,402 | \$ - | \$ 9,611,699 | \$ - | \$ (5,703) |
| | | | | | |
| | Change in net position | | | | \$ (5,703) |
| | Net position - beginning | | | | 209,729 |
| | Net position - ending | | | | \$ 204,026 |

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

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 3

Balance Sheet
Governmental Funds
As of June 30, 2021

| | <u>County of Rockbridge</u> | <u>City of Lexington</u> | <u>City of Buena Vista</u> | <u>Total</u> |
|------------------------------------|---------------------------------|------------------------------|--------------------------------|---------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 565,937 | \$ - | \$ - | \$ 565,937 |
| Accounts receivable | 52 | 146 | 268 | 466 |
| Due from governmental units | 1,057,479 | 97,268 | 380,349 | 1,535,096 |
| Total assets | <u>\$ 1,623,468</u> | <u>\$ 97,414</u> | <u>\$ 380,617</u> | <u>\$ 2,101,499</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 724,569 | \$ 91,319 | \$ 304,885 | \$ 1,120,773 |
| Due to special welfare fund | 260 | - | - | 260 |
| Due to participating jurisdictions | 898,517 | 6,095 | 75,732 | 980,344 |
| Total liabilities | <u>\$ 1,623,346</u> | <u>\$ 97,414</u> | <u>\$ 380,617</u> | <u>\$ 2,101,377</u> |
| FUND BALANCE | | | | |
| Committed: | | | | |
| Social Services activities | \$ 122 | \$ - | \$ - | \$ 122 |
| Total liabilities and fund balance | <u>\$ 1,623,468</u> | <u>\$ 97,414</u> | <u>\$ 380,617</u> | <u>\$ 2,101,499</u> |

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

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 4

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of June 30, 2021**

Amounts reported for governmental activities in the statement of net position are different because:

| | | | |
|--|----|-----------------|-----------------------|
| Total fund balance per Exhibit 3 - Balance Sheet | | \$ | 122 |
| The net pension asset is not an available resource and, therefore, is not reported in the funds. | | | 149,825 |
| Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds | | | |
| Pension related items | \$ | 233,727 | |
| OPEB related items | | <u>27,283</u> | |
| | | | 261,010 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | | |
| Net OPEB liability | \$ | (97,607) | |
| Compensated absences | | <u>(85,476)</u> | |
| | | | (183,083) |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds. | | | |
| Pension related items | \$ | (15,493) | |
| OPEB related items | | <u>(8,355)</u> | |
| | | | <u>(23,848)</u> |
| Net position of governmental activities | | \$ | <u><u>204,026</u></u> |

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

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 5

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2021

| | <u>County of Rockbridge</u> | <u>City of Lexington</u> | <u>City of Buena Vista</u> | <u>Total</u> |
|---|---------------------------------|------------------------------|--------------------------------|----------------------|
| Revenues: | | | | |
| Revenue from local sources: | | | | |
| City of Lexington--administrative costs | \$ 58,115 | \$ 239,383 | \$ - | \$ 297,498 |
| City of Buena Vista--administrative costs | 78,450 | - | 566,535 | 644,985 |
| County of Rockbridge assistance and administrative costs | <u>1,243,082</u> | <u>-</u> | <u>-</u> | <u>1,243,082</u> |
| Total revenue from local sources | <u>\$ 1,379,647</u> | <u>\$ 239,383</u> | <u>\$ 566,535</u> | <u>\$ 2,185,565</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Public assistance | \$ 819,778 | \$ 21,749 | \$ 162,063 | \$ 1,003,590 |
| Comprehensive services act | <u>2,915,186</u> | <u>351,673</u> | <u>1,328,069</u> | <u>4,594,928</u> |
| Total revenue from the Commonwealth | <u>\$ 3,734,964</u> | <u>\$ 373,422</u> | <u>\$ 1,490,132</u> | <u>\$ 5,598,518</u> |
| Revenue from the federal government: | | | | |
| Categorical aid: | | | | |
| Public assistance grants | \$ 1,526,341 | \$ 4,882 | \$ 158,552 | \$ 1,689,775 |
| Comprehensive services act | <u>100,678</u> | <u>-</u> | <u>37,163</u> | <u>137,841</u> |
| Total revenue from the federal government | <u>\$ 1,627,019</u> | <u>\$ 4,882</u> | <u>\$ 195,715</u> | <u>\$ 1,827,616</u> |
| Total revenues | <u>\$ 6,741,630</u> | <u>\$ 617,687</u> | <u>\$ 2,252,382</u> | <u>\$ 9,611,699</u> |
| Expenditures: | | | | |
| Health and welfare: | | | | |
| Administration | \$ 1,998,428 | \$ 58,115 | \$ 78,450 | \$ 2,134,993 |
| Public assistance | 697,369 | 32,214 | 334,737 | 1,064,320 |
| Comprehensive services act | <u>4,045,711</u> | <u>527,358</u> | <u>1,839,195</u> | <u>6,412,264</u> |
| Total expenditures | <u>\$ 6,741,508</u> | <u>\$ 617,687</u> | <u>\$ 2,252,382</u> | <u>\$ 9,611,577</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 122</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 122</u> |
| Net change in fund balance | <u>\$ 122</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 122</u> |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | <u><u>\$ 122</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 122</u></u> |

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

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 6

**Reconciliation of Statement of Revenues,
Expenditures and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

| | | |
|--|----|-----|
| Net change in fund balances - total governmental funds | \$ | 122 |
|--|----|-----|

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which depreciation expense exceeded capital outlays in the current period.

| | |
|----------------------|---------|
| Depreciation expense | (4,368) |
|----------------------|---------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

| | | | |
|---------------------------------|----|---------------|----------------|
| Change in compensated absences | \$ | 5,005 | |
| Change in pension related items | | (18,034) | |
| Change in OPEB related items | | <u>11,572</u> | |
| | | | <u>(1,457)</u> |

| | | |
|---|----|-----------------------|
| Change in net position of governmental activities | \$ | <u><u>(5,703)</u></u> |
|---|----|-----------------------|

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

ROCKBRIDGE AREA SOCIAL SERVICES
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 7

Statement of Fiduciary Net Position
Fiduciary Fund
As of June 30, 2021

| | <u>Custodial Funds</u> <u>Special Welfare</u> <u>Fund</u> |
|---------------------------------------|---|
| ASSETS | |
| Cash and cash equivalents | \$ <u>3,483</u> |
| Total assets | \$ <u><u>3,483</u></u> |
| NET POSITION | |
| Restricted for: | |
| Restricted for social service clients | \$ <u>3,483</u> |
| Total net position | \$ <u><u>3,483</u></u> |

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

ROCKBRIDGE AREA SOCIAL SERVICES
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 8

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2021

| | <u>Custodial Funds</u> <u>Special Welfare</u> <u>Fund</u> |
|---|---|
| Additions | |
| Contributions: | |
| Private contributions | \$ 18,963 |
| Total contributions | \$ <u>18,963</u> |
| Deductions | |
| Current: | |
| Recipient payments | \$ 19,124 |
| Total deductions | \$ <u>19,124</u> |
| Net increase (decrease) in fiduciary net position | \$ (161) |
| Net position - beginning, as restated | <u>3,644</u> |
| Net position - ending | \$ <u><u>3,483</u></u> |

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

**Notes to Financial Statements
June 30, 2021**

NOTE 1—BASIS OF PRESENTATION:

A. Organization and Purpose:

The Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia) was created by the Rockbridge County Board of Supervisors, the common Councils of the City of Lexington, and the City of Buena Vista to consolidate the administrative payments of the three localities pursuant to Sections 63.1-44 of the *Code of Virginia*. The Board is a legally separate organization whose Board members are appointed by the Rockbridge County Board of Supervisors and the City Councils of Lexington and Buena Vista. Rockbridge County appoints three members to the Board and the Cities of Lexington and Buena Vista appoint two each. Assistance payments for the City of Lexington and the City of Buena Vista are included in each respective locality's records. Activity as reflected in these financial statements consists of all administration and assistance payments of the participating localities.

B. Financial Reporting Entity:

A separate report is prepared for the County of Rockbridge, Virginia which includes all agencies, boards, commissions, and authorities over which the County exercises or has the ability to exercise oversight authority. The Social Services Board is a component unit of the County of Rockbridge, Virginia and is included in the financial statements of the County.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting:

The Board's government-wide financial statements (i.e., the statement of net position and the statement of activities) are reported using the *economic resources measurement focus* and 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements (i.e., the balance sheet and the statement of revenues, expenditures and changes in fund balances) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Board reports the following major governmental funds:

Special revenue funds account for the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures. The Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia), has three major special revenue funds; Rockbridge County, City of Lexington, and City of Buena Vista.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

A. Basis of Accounting: (continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

The Board reports the following other fund:

Fiduciary (Custodial) funds account for assets held by the Board as an agent or custodian of individuals, private organizations, other governmental units or other funds. The Special Welfare Fund is an agency fund of the Board.

B. Capital Assets:

Capital assets are defined by the Board as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation is calculated using the straight-line method. All equipment is being depreciated over a five-year life. Buildings are being depreciated over a forty-year life. Construction-in-progress is not depreciated until complete and placed in service.

C. Accounts Receivable:

Accounts receivables are reported at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances have not been significant and no allowance for uncollectible accounts is recorded.

D. Cash and Cash Equivalents:

The Board's cash and cash equivalents consist of cash on hand and demand deposits.

E. Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Net Position:

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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

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

G. Fund Balance:

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Fund Balance: (Continued)

When fund balance resources are available for a specific purpose in more than one classification, it is the Board's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance/resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

H. Deferred Outflows/Inflows of Resources:

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

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

I. Pensions:

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Board's Retirement Plan and the additions to/deductions from the Board's Retirement Plan's 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.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

J. Other Postemployment Benefits (OPEB):

Group Life Insurance

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

Medical, Dental, and Prescription Insurance – Pay as You Go Program

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined based on an actuarial valuation. Benefit payments are recognized when due and payable in accordance with the benefit terms.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Other

All of the Board's funds are in custody of the fiscal agent, the Treasurer of Rockbridge County, Virginia.

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 4—DUE FROM OTHER GOVERNMENTAL UNITS:

The following amounts represent receivables from other governments at year-end:

| | |
|----------------------------|---------------------|
| Commonwealth of Virginia: | |
| Public assistance grants | \$ 91,744 |
| Comprehensive Services Act | 1,294,003 |
| Federal Government: | |
| Public assistance grants | 149,349 |
| Total | <u>\$ 1,535,096</u> |

NOTE 5—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2021, was as follows:

| | Balance July 1, 2020 | Additions | Balance June 30, 2021 |
|--|----------------------------|-------------------|-----------------------------|
| Capital assets being depreciated | | | |
| Equipment | \$ 84,550 | \$ - | \$ 84,550 |
| Vehicles | 118,776 | - | 118,776 |
| Total capital assets being depreciated | <u>\$ 203,326</u> | <u>\$ -</u> | <u>\$ 203,326</u> |
| Accumulated depreciation | | | |
| Equipment | \$ (84,550) | \$ - | \$ (84,550) |
| Vehicles | (114,408) | (4,368) | (118,776) |
| Total accumulated depreciation | <u>\$ (198,958)</u> | <u>\$ (4,368)</u> | <u>\$ (203,326)</u> |
| Net capital assets | <u>\$ 4,368</u> | <u>\$ (4,368)</u> | <u>\$ -</u> |

Depreciation expense for the year ended June 30, 2021, was \$4,368. All depreciation expense was charged to the health and welfare department.

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 6—LONG-TERM OBLIGATIONS:

| | Balance July 1, 2020 | Increases/ Issuances | Decreases/ Retirements | Balance June 30, 2021 |
|---|-------------------------|-------------------------|---------------------------|--------------------------|
| Compensated absences (payable from Rockbridge Area Social Services Board) | \$ 90,481 | \$ 62,856 | \$ 67,861 | \$ 85,476 |
| Net OPEB liability (payable from Rockbridge Area Social Services Board) | 98,644 | 35,558 | 36,595 | 97,607 |
| Total Long-term Obligations | <u>\$ 189,125</u> | <u>\$ 98,414</u> | <u>\$ 104,456</u> | <u>\$ 183,083</u> |

Details of long-term obligations:

| | Total Amount | Amount Due Within One Year |
|----------------------|-------------------|----------------------------------|
| Compensated absences | \$ 85,476 | \$ 21,369 |
| Net OPEB liability | 97,607 | - |
| Total | <u>\$ 183,083</u> | <u>\$ 21,369</u> |

NOTE 7—COMPENSATED ABSENCES:

Board employees earn vacation leave at a rate commensurate with years of service from 1 day to 1-3/4 days per month. All employees earn 1-1/4 days sick leave per month. Benefits or pay is received for unused sick leave upon termination at 25% of its' carrying value to a maximum of \$2,500 per employee. Accumulated vacation is paid upon termination. The Board has outstanding accrued vacation and sick pay totaling \$85,476 at June 30, 2021.

NOTE 8—PENSION PLAN:

Plan Description

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 8—PENSION PLAN: (CONTINUED)

Benefit Structures

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

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

Average Final Compensation and Service Retirement Multiplier

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 8—PENSION PLAN: (CONTINUED)

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

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

Employees Covered by Benefit Terms

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

| | <u>Number</u> |
|--|----------------------|
| Inactive members or their beneficiaries currently receiving benefits | 23 |
| Inactive members: | |
| Vested inactive members | 4 |
| Non-vested inactive members | 19 |
| Long-term disability (LTD) | 0 |
| Inactive members active elsewhere in VRS | <u>11</u> |
| Total inactive members | 34 |
| Active members | <u>28</u> |
| Total covered employees | <u><u>85</u></u> |

Contributions

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

The Board's contractually required employer contribution rate for the year ended June 30, 2021, was 2.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Board were \$15,376 and \$21,097 for the years ended June 30, 2021 and June 30, 2020, respectively.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 8—PENSION PLAN: (CONTINUED)

Net Pension Asset

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

Actuarial Assumptions – General Employees

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

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

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Board was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternative rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from July 1, 2017, actuarial valuations, whichever was greater. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Asset

| | Increase (Decrease) | | |
|---|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at June 30, 2019 | \$ 4,497,550 | \$ 5,004,299 | \$ (506,749) |
| Changes for the year: | | | |
| Service cost | \$ 95,257 | \$ - | \$ 95,257 |
| Interest | 291,222 | - | 291,222 |
| Benefit changes | - | - | - |
| Differences between expected and actual experience | 127,617 | - | 127,617 |
| Assumption changes | - | - | - |
| Contributions - employer | - | 21,089 | (21,089) |
| Contributions - employee | - | 46,013 | (46,013) |
| Net investment income | - | 93,553 | (93,553) |
| Benefit payments, including refunds | (366,294) | (366,294) | - |
| Refunds of employee contributions | - | - | - |
| Administrative expenses | - | (3,375) | 3,375 |
| Other changes | - | (108) | 108 |
| Net changes | \$ 147,802 | \$ (209,122) | \$ 356,924 |
| Balances at June 30, 2020 | \$ 4,645,352 | \$ 4,795,177 | \$ (149,825) |

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

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

| | Rate | | |
|---------------------|-------------|------------------|--------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| Board's Net Pension | | | |
| Liability (Asset) | \$ 292,987 | \$ (149,825) | \$ (530,059) |

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

For the year ended June 30, 2021, the Board recognized pension expense of \$33,397. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 68,260 | \$ 15,493 |
| Change in assumptions | 6,665 | - |
| Net difference between projected and actual earnings on pension plan investments | 143,430 | - |
| Employer contributions subsequent to the measurement date | 15,376 | - |
| Total | \$ 233,731 | \$ 15,493 |

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 8—PENSION PLAN: (CONTINUED)

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

\$15,376 reported as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30

| | | |
|------------|----|--------|
| 2022 | \$ | 50,986 |
| 2023 | | 54,810 |
| 2024 | | 50,260 |
| 2025 | | 46,806 |
| 2026 | | - |
| Thereafter | | - |

Pension Plan Data

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

Eligible Employees

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

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$5,741 and \$5,233 for the years ended June 30, 2021 and June 30, 2020, respectively.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

At June 30, 2021, the entity reported a liability of \$81,607 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.00489% as compared to 0.00471% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$3,464. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 5,234 | \$ 732 |
| Net difference between projected and actual earnings on GLI OPEB plan investments | 2,451 | - |
| Change in assumptions | 4,081 | 1,704 |
| Changes in proportionate share | 5,439 | 4,769 |
| Employer contributions subsequent to the measurement date | <u>5,741</u> | <u>-</u> |
| Total | <u>\$ 22,946</u> | <u>\$ 7,205</u> |

\$5,741 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | |
|---------------------------|----------|
| 2022 | \$ 1,581 |
| 2023 | 2,274 |
| 2024 | 2,905 |
| 2025 | 2,360 |
| 2026 | 731 |
| Thereafter | 149 |

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)
TINUED)

Actuarial Assumptions

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

NET GLI OPEB Liability

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

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

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

| | | Rate | | |
|---|----|-------------|------------------|-------------|
| | | 1% Decrease | Current Discount | 1% Increase |
| | | (5.75%) | (6.75%) | (7.75%) |
| Board's proportionate share of the GLI Plan | | | | |
| Net OPEB Liability | \$ | 107,278 | \$ 81,607 | \$ 60,759 |

GLI Plan Fiduciary Net Position

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

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN):

Plan Description

In addition to the pension benefits described in Note 8, the Board participates in a cost-sharing defined benefit healthcare plan through the County of Rockbridge, Virginia (the Plan). Several entities participate in the defined benefit healthcare plan through the County of Rockbridge, Virginia, and the participating entities report their proportionate information on the basis of a cost-sharing plan. The plan provides post-employment health care benefits to eligible retirees and their spouses. To be eligible, employees must meet the age and service criteria for immediate retirement benefits under VRS which requires that the employees be age 50 with 5 years of service or permanently, totally disabled and injured in the line of duty. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits are provided to eligible retirees to include medical, dental, and prescription insurance benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Contributions

The Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County of Rockbridge Board. The amount paid by the Board for OPEB as the benefits came due during the year ended June 30, 2021, was \$1,314.

Total OPEB Liability

The Rockbridge Social Services Board's total OPEB liability was measured as of July 1, 2020. The measurement date of the total OPEB liabilities is based on a valuation date of July 1, 2020.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------|--|
| Salary Increases | 2.50% increases annually |
| Discount Rate | 2.45% |
| Healthcare Cost Trend Rates: | 6.00% for fiscal year end 2021, decreasing 0.50% per year to an ultimate rate of 5.00%. |
| Mortality: | Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020 |
| Actuarial Cost Method: | Entry Age Actuarial Cost Method |

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate has been set equal to 2.45% and represents the Municipal GO AA 20-year yield curve rate as of July 1, 2020.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Sensitivity of the Board's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate:

| Rate | | |
|------------------------|----------------------------------|------------------------|
| 1% Decrease (1.45%) | Current Discount Rate (2.45%) | 1% Increase (3.45%) |
| \$ 17,577 | \$ 16,000 | \$ 14,620 |

Sensitivity of the Board's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liabilities of the Board, as well as what the OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00% for the fiscal year end 2021, decreasing 0.50% per year to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

| Rates | | |
|-----------------|-----------|-------------|
| Healthcare Cost | | |
| 1% Decrease | Trend | 1% Increase |
| \$ 14,357 | \$ 16,000 | \$ 18,004 |

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the Board reported a liability of \$16,000 for its proportionate share of the total OPEB Liability. The Total OPEB Liability was measured as of July 1, 2020. The measurement date of the Total OPEB liabilities is based on a valuation date of July 1, 2020. At June 30, 2021, the Board's proportion was 3.29%.

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 10—MEDICAL, DENTAL, AND PRESCRIPTION INSURANCE – PAY AS YOU GO (OPEB PLAN): (CONTINUED)

Total OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

For the year ended June 30, 2021, the Board recognized OPEB expense of \$1,807. At June 30, 2021, the Board, reported deferred outflows of resources of deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 1,840 | \$ 789 |
| Changes in assumptions | 1,183 | 361 |
| Employer contributions subsequent to the measurement date | 1,314 | - |
| Total | <u>\$ 4,337</u> | <u>\$ 1,150</u> |

\$1,314 reported as 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, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | |
|---------------------------|--------|
| 2022 | \$ 164 |
| 2023 | 164 |
| 2024 | 494 |
| 2025 | 657 |
| 2026 | 394 |
| Thereafter | - |

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

NOTE 11—SUMMARY OF POSTEMPLOYMENT BENEFIT (OPEB) PLANS:

The following is a summary of the Board's OPEB plans as of June 30, 2021:

| | <u>Deferred Outflows</u> | <u>Deferred Inflows</u> | <u>Net OPEB Liability (Asset)</u> | <u>OPEB Expense</u> |
|--|------------------------------|-----------------------------|---|-------------------------|
| Group Life Insurance (GLI) Plan (Note 9) | \$ 22,946 | \$ 7,205 | \$ 81,607 | \$ 3,464 |
| District Stand-Alone Plan (Note 10) | 4,337 | 1,150 | 16,000 | 1,807 |
| Totals | <u>\$ 27,283</u> | <u>\$ 8,355</u> | <u>\$ 97,607</u> | <u>\$ 5,271</u> |

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 12—ALLOCATION OF COSTS:

Pursuant to Section 63.1-44 of the *Code of Virginia* (1950), as amended, each participating jurisdiction is responsible for the net local share of administrative expenditure for the benefit of its citizens. Local costs of administration are apportioned on the basis of population according to the last decennial census and caseload, with each factor weighted equally.

NOTE 13—CONTINGENT LIABILITIES:

Federal Plans in which the Board participates were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the provisions of the circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the federal government may subject grant programs to additional compliance test which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant programs expenditures, if any, would be immaterial.

NOTE 14—OPERATING LEASE AGREEMENTS:

The Board entered into a lease agreement for their building on April 1, 2020. The term is for two years with monthly payments of \$9,000. Rent expense for the year ended June 30, 2021, was \$108,000

Minimum future lease payments are as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|-------------------------------------|------------------|
| 2022 | \$ 81,000 |
| Total minimum future lease payments | \$ <u>81,000</u> |

NOTE 15 – LITIGATION:

At June 30, 2021, there were no matters of litigation involving Rockbridge Social Services that would materially affect the Board's financial position.

NOTE 16—UPCOMING PRONOUNCEMENTS:

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

**ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A COMPONENT UNIT OF THE COUNTY OF ROCKBRIDGE, VIRGINIA)**

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

NOTE 16—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

Management is currently evaluating the impact this standard will have on the financial statements when adopted.

NOTE 17—COVID-19 PANDEMIC SUBSEQUENT DISCLOSURE:

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

NOTE 18—ADOPTION OF ACCOUNTING PRINCIPLES:

The Social Services Board implemented provisions of Governmental Accounting Standards Board Statement No 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes the criteria for identifying fiduciary activities for all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of fund balance:

| | | Fund Financial Statements Special Welfare Fund |
|---|----|---|
| Fund balance as reported at June 30, 2020 | \$ | - |
| To reclassify funds previously reported as agency funds, as required under GASB 84 | | 3,644 |
| Fund balance as restated at June 30, 2021 | \$ | <u>3,644</u> |

REQUIRED SUPPLEMENTARY INFORMATION

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 9

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2020

| | 2020 | 2019 |
|---|---------------------|---------------------|
| Total pension liability | | |
| Service cost | \$ 95,257 | \$ 72,039 |
| Interest | 291,222 | 308,211 |
| Differences between expected and actual experience | 127,617 | (236,815) |
| Changes of assumptions | - | 101,865 |
| Benefit payments | (366,294) | (301,533) |
| Net change in total pension liability | \$ 147,802 | \$ (56,233) |
| Total pension liability - beginning | 4,497,550 | 4,553,783 |
| Total pension liability - ending (a) | \$ 4,645,352 | \$ 4,497,550 |
| Plan fiduciary net position | | |
| Contributions - employer | \$ 21,089 | \$ 19,021 |
| Contributions - employee | 46,013 | 41,981 |
| Net investment income | 93,553 | 319,222 |
| Benefit payments | (366,294) | (301,533) |
| Administrator charges | (3,375) | (3,343) |
| Other | (108) | (200) |
| Net change in plan fiduciary net position | \$ (209,122) | \$ 75,148 |
| Plan fiduciary net position - beginning | 5,004,299 | 4,929,151 |
| Plan fiduciary net position - ending (b) | \$ 4,795,177 | \$ 5,004,299 |
| Board's net pension liability (asset) | | |
| - ending (a) - (b) | \$ (149,825) | \$ (506,749) |
| Plan fiduciary net position as a percentage of the total pension liability | 103.23% | 111.27% |
| Covered payroll | \$ 1,006,378 | \$ 923,693 |
| Board's net pension liability (asset) as a percentage of covered payroll | -14.89% | -54.86% |

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

Exhibit 9 (Continued)

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 91,045 | \$ 86,269 | \$ 101,268 | \$ 95,978 | \$ 99,383 |
| 307,297 | 312,034 | 307,559 | 308,093 | 299,448 |
| (82,716) | (204,921) | (61,892) | (136,247) | - |
| - | 40,762 | - | - | - |
| (303,606) | (300,027) | (265,974) | (284,943) | (265,715) |
| \$ 12,020 | \$ (65,883) | \$ 80,961 | \$ (17,119) | \$ 133,116 |
| 4,541,763 | 4,607,646 | 4,526,685 | 4,543,804 | 4,410,688 |
| <u>\$ 4,553,783</u> | <u>\$ 4,541,763</u> | <u>\$ 4,607,646</u> | <u>\$ 4,526,685</u> | <u>\$ 4,543,804</u> |
| | | | | |
| \$ 50,414 | \$ 48,178 | \$ 92,300 | \$ 94,988 | \$ 77,661 |
| 45,389 | 41,804 | 42,306 | 44,072 | 42,460 |
| 349,718 | 532,786 | 75,965 | 201,776 | 620,619 |
| (303,606) | (300,027) | (265,974) | (284,943) | (265,715) |
| (3,137) | (3,220) | (2,860) | (2,868) | (3,439) |
| (306) | (468) | (33) | (43) | 33 |
| \$ 138,472 | \$ 319,053 | \$ (58,296) | \$ 52,982 | \$ 471,619 |
| 4,790,679 | 4,471,626 | 4,529,922 | 4,476,940 | 4,005,321 |
| <u>\$ 4,929,151</u> | <u>\$ 4,790,679</u> | <u>\$ 4,471,626</u> | <u>\$ 4,529,922</u> | <u>\$ 4,476,940</u> |
| | | | | |
| \$ (375,368) | \$ (248,916) | \$ 136,020 | \$ (3,237) | \$ 66,864 |
| | | | | |
| 108.24% | 105.48% | 97.05% | 100.07% | 98.53% |
| | | | | |
| \$ 977,144 | \$ 895,384 | \$ 887,984 | \$ 904,378 | \$ 852,285 |
| | | | | |
| -38.41% | -27.80% | 15.32% | -0.36% | 7.85% |

Schedule of Employer Contributions

Pension Plan

Years Ended June 30, 2012 through June 30, 2021

| Date | Contributions in Relation to | | | | | Contributions as a % of Covered Payroll |
|------|--|--|---|---|--|--|
| | Contractually Required Contribution (1) | Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | | |
| 2021 | \$ 15,376 | \$ 15,376 | \$ - | \$ 1,063,227 | | 1.45% |
| 2020 | 21,097 | 21,097 | - | 1,006,378 | | 2.10% |
| 2019 | 18,134 | 18,134 | - | 923,693 | | 1.96% |
| 2018 | 50,414 | 50,414 | - | 977,144 | | 5.16% |
| 2017 | 52,022 | 52,022 | - | 895,384 | | 5.81% |
| 2016 | 94,393 | 94,393 | - | 887,984 | | 10.63% |
| 2015 | 94,988 | 94,988 | - | 904,378 | | 10.50% |
| 2014 | 77,661 | 77,661 | - | 850,243 | | 9.13% |
| 2013 | 75,830 | 75,830 | - | 829,645 | | 9.14% |
| 2012 | 60,610 | 60,610 | - | 853,994 | | 7.10% |

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

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

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

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

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

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 12

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

| Date | Employer's Proportion of the Net GLI OPEB Liability | Employer's Proportionate Share of the Net GLI OPEB Liability | Employer's Covered Payroll | Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability |
|-------------|--|---|---|--|--|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 2020 | 0.0049% \$ | 81,607 \$ | 1,006,378 | 8.11% | 52.64% |
| 2019 | 0.0047% | 76,644 | 923,693 | 8.30% | 52.00% |
| 2018 | 0.0052% | 78,000 | 978,869 | 7.97% | 51.22% |
| 2017 | 0.0049% | 73,000 | 895,384 | 8.15% | 48.86% |

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

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Exhibit 13

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

Years Ended June 30, 2012 through June 30, 2021

| Date | Contributions in Relation to | | | | | Contributions as a % of Covered Payroll (5) |
|------|--|--|---|---|--|---|
| | Contractually Required Contribution (1) | Contractually Required Contribution (2) | Contribution Deficiency (Excess) (3) | Employer's Covered Payroll (4) | | |
| 2021 | \$ 5,741 | \$ 5,741 | \$ - | \$ 1,063,227 | | 0.54% |
| 2020 | 5,233 | 5,233 | - | 1,006,378 | | 0.52% |
| 2019 | 4,803 | 4,803 | - | 923,693 | | 0.52% |
| 2018 | 5,090 | 5,090 | - | 978,869 | | 0.52% |
| 2017 | 4,656 | 4,656 | - | 895,384 | | 0.52% |
| 2016 | 4,262 | 4,262 | - | 887,984 | | 0.48% |
| 2015 | 4,341 | 4,341 | - | 904,378 | | 0.48% |
| 2014 | 4,091 | 4,091 | - | 852,285 | | 0.48% |
| 2013 | 3,982 | 3,982 | - | 829,645 | | 0.48% |
| 2012 | 2,341 | 2,341 | - | 835,994 | | 0.28% |

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

**Schedule of Board's Proportionate Share of the Total OPEB Liability
Medical, Dental, and Prescription Insurance
For the Measurement Date of June 30, 2020**

| Date | Proportion of the Total OPEB Liability (TOL) (1) | Proportionate Share of the TOL (2) | Covered Payroll (3) | Proportionate Share of the TOL as a Percentage of Covered Payroll (2)/(3) (4) |
|-------------|---|---|------------------------------------|--|
| 2020 | 3.29% \$ | 16,000 \$ | 348,312 | 4.60% |
| 2019 | 5.49% | 22,000 | 443,401 | 4.96% |

Schedule is intended to show information for 10 years. Information prior to the 2019 valuation is not available. However, additional years will be included as they become available.

**Notes to Required Supplementary Information -
Medical, Dental, and Prescription Insurance
Year Ended June 30, 2021**

Valuation Date: 7/1/2020
Measurement Date: 7/1/2020

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

Methods and assumptions used to determine OPEB liability:

| | |
|-----------------------|--|
| Actuarial Cost Method | Entry age normal level % of salary |
| Discount Rate | 2.45% as of June 30, 2020 |
| Inflation | 2.50% per year |
| Healthcare Trend Rate | 6.00% for fiscal year end 2021, decreasing 0.50% per year to an ultimate rate of 5.00%. |
| Salary Increase Rates | 2.50% annually |
| Retirement Age | The average age at retirement is 62 |
| Mortality Rates | Mortality is based on the RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2020 |

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COMPLIANCE



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

**TO THE BOARD OF DIRECTORS
ROCKBRIDGE AREA SOCIAL SERVICES BOARD (A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s basic financial statements and have issued our report thereon dated March 23, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
March 23, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PLAN AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**TO THE BOARD OF DIRECTORS
ROCKBRIDGE AREA SOCIAL SERVICES BOARD (A COMPONENT UNIT OF THE
COUNTY OF ROCKBRIDGE, VIRGINIA)
LEXINGTON, VIRGINIA**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we program and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s compliance.

Opinion on Each Major Federal Program

In our opinion, the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia) complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Rockbridge Area Social Services Board (a component unit of the County of Rockbridge, Virginia)'s internal control over compliance.

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

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

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

Robinson, Farmer, Cox Associates

Staunton, Virginia
March 23, 2022

ROCKBRIDGE AREA SOCIAL SERVICES BOARD
(A Component Unit of the County of Rockbridge, Virginia)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| Federal Grantor/Pass-through Grantor/ Program Title or Cluster Title | Federal Assistance Listing Number | Pass-through Entity Identifying Number | Federal Expenditures |
|---|---|---|-------------------------|
| <u>Department of Agriculture:</u> | | | |
| <u>Pass-through Payments</u> | | | |
| Department of Social Services: | | | |
| SNAP Cluster: | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | not available | \$ 343,925 |
| Total Department of Agriculture | | | \$ 343,925 |
| <u>Department of Health and Human Services:</u> | | | |
| <u>Pass-through Payments:</u> | | | |
| Department of Social Services: | | | |
| Mary Lee Allen Promoting Safe and Stable Families Program | 93.556 | not available | \$ 13,883 |
| Temporary Assistance for Needy Families (TANF) | 93.558 | not available | 217,644 |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | not available | 506 |
| Low Income Home Energy Assistance | 93.568 | not available | 35,807 |
| CCDF Cluster: | | | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | not available | 45,859 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | not available | 116 |
| Foster Care - Title IV-E | 93.658 | not available | 389,780 |
| Adoption Assistance | 93.659 | not available | 196,927 |
| Social Services Block Grant | 93.667 | not available | 316,863 |
| John H. Chaffee Foster Care Program for Successful Transition to Adulthood | 93.674 | not available | 7,403 |
| Children's Health Insurance Program | 93.767 | not available | 3,217 |
| Medicaid Cluster: | | | |
| Medical Assistance Program | 93.778 | not available | 255,686 |
| Total Department of Health and Human Services | | | \$ 1,483,691 |
| Total Expenditures of Federal Awards | | | \$ 1,827,616 |

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(3) Rockbridge Area Social Services Board (a Component Unit of the County of Rockbridge, Virginia) has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The Board did not have any subrecipients for the year ended June 30, 2021.

Rockbridge Area Social Services Board
(A Component Unit of the County of Rockbridge, Virginia)

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes x no

- Significant deficiency(ies) identified? yes x none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)? yes x no

Identification of major programs:

| <u>CFDA Numbers</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|--|
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |
| 93.658 | Foster Care - Title IV-E |

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

Auditee qualified as low-risk auditee? yes x no

Section II-Financial Statement Findings

There are no financial statement findings to report.

Section III-Federal Award Findings and Questioned Costs

There are no federal award findings to report.

**Rockbridge Area Social Services Board
(A Component Unit of the County of Rockbridge, Virginia)**

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

There were no prior year findings.