DISTRICT 19
COMMUNITY SERVICES BOARD

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION

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DISTRICT 19
COMMUNITY SERVICES BOARD

ANNUAL FINANCIAL REPORT

FOR THE YEAR
ENDED JUNE 30, 2022

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DISTRICT 19 COMMUNITY SERVICES BOARD

BOARD OF DIRECTORS

Brenda Ebron-Conner – Chairman	Dinwiddie County
Natachia Randles - Vice-Chairman	Dinwiddie County
Daphne Turner – Treasurer	City of Petersburg
W. Joe Green, Jr.	City of Colonial Heights
Angela Haden	City of Colonial Heights
Vacant	City of Emporia
Col. Anthony Johnson	Greensville County
Shamika Lewis	City of Hopewell
Diane Varmer	City of Hopewell
Gary Talley	City of Petersburg
Vacant	City of Petersburg
Vacant	Prince George County
Kenneth Robinson	Prince George County
Jean Grim	Prince George County
Frances Randolph	Surry County
Vacant	Sussex County

LEADERSHIP TEAM

Jennifer Tunstall	Executive Director
Lisa B. Clark	Director of Finance
Sherri Ball	Director of Children’s and Adolescent Services
Melissa DeVault	Director of Operations
Michael Thomas	Director of Adult Services
Terrelle Stewart	Director of Community & Crisis Services
Andrea Coleman	Director of Developmental Disabilities
Letitia Wallace	Manager, Medical Services

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DISTRICT 19 COMMUNITY SERVICES BOARD

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR
Jennifer Tunstall, LCSW

Medical Services
Letitia Wallace, Manager
*Psychiatric Services
*Nursing Services

PROGRAM SERVICES

ADULT SERVICES
Michael Thomas, Director

- Adult Clinical Services
  - *Case Mgt.
  - *Out PT
  - *Area Clinics
  - *ACT
- Residential & Support Services
  - *Ellis Square Apts.
  - *MH Support
- SA/Jail Services
  - *Intensive Outpatient
  - *Relapse Prevention
  - *Co-occurring Program
  - *Jail Services
  - *Mandatory Outpatient Treatment
  - *HIV
  - *Project Link
  - *Prevention Services

CHILDREN'S SERVICES
Sherri Ball, Director

- Specialized Children's Services
  - *Juvenile Corrections (Crater Detention)
  - *Mental Health OP
  - *Substance Use OP
  - *Court Service Unit
  - *Mental Health Case Management
- Early Childhood Services Part C

COMMUNITY AND CRISIS SERVICES
Terrelle Stewart, Director

- *Mental Health Outpatient Program
- *Emergency Services
- *Same Day Access
- *Crisis Assessment Centers
- *Liaison & Forensic Services

Developmental Disabilities
Andrea Coleman, Director

- *DD Compliance Assistant Mgr.
- *Adult/Child DD CM

ADMINISTRATIVE SERVICES

FINANCE
Lisa Clark, Director

- *Accounting
- *Financial Reporting
- *Reimbursement

OPERATIONS
Melissa DeVault, Director

- *QA/QI
- *Procurement and Facilities
- *Medical Records
- *Human Resources

EXECUTIVE ADMINISTRATION
Jennifer Tunstall, Director
*MIS/IT

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BASIC FINANCIAL STATEMENTS

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of District 19 Community Services Board, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of District 19 Community Services Board, as of June 30, 2022, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As described in Note 15 to the financial statements, in 2022, the Boad adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of District 19 Community Services Board's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District 19 Community Services Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise District 19 Community Services Board's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2022, on our consideration of District 19 Community Services Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District 19 Community Services Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District 19 Community Services Board's internal control over financial reporting and compliance.

Richmond, Virginia
November 16, 2022

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The following Management Discussion and Analysis (MD&A) of District 19 Community Services Board (CSB) financial performance provides the reader with an overview of the CSB financial statements for the fiscal year ended June 30, 2022.

Following this MD&A are the basic financial statements of the CSB. These financial statements should be read in conjunction with the notes to the financial statements, as the notes are an integral part of the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The CSB presents three basic financial statements: a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

The CSB's financial position is measured in terms of the assets we own and the liabilities we owe on the reporting date. This information is reported on the Statement of Net Position and reflects our assets in relation to what we owe to our suppliers, employees and other creditors. The excess of our assets and deferred outflows of resources over our liabilities and deferred inflows of resources represents our equity, or net position.

The financial results of the CSB's operating activities are reported in the Statement of Revenues, Expenses and Changes in Net Position.

The Statement of Cash Flows describes the flow of cash resources into the CSB from operating activities and investment income and the out flows of cash to pay operating expenses, purchase capital equipment and to repay debt.

FINANCIAL SUMMARY

Financial Position: A summary of the CSB's Statement of Net Position for the years ended June 30, 2022 and 2021 are presented below:

	2022	2021
Current Assets	8,737,143	5,298,402
Property and Equipment, less accumulated depreciation	8,544,902	734,456
Net Pension Asset	7,265,123	234,172
Net OPEB Asset	1,920	-
TOTAL ASSETS	24,549,088	6,267,030
DEFERRED OUTFLOWS OF RESOURCES	1,238,851	2,269,250
Current Liabilities	1,785,153	1,065,916
Long Term Liabilities	9,288,648	2,455,718
TOTAL LIABILITIES	11,073,801	3,521,634
DEFERRED INFLOWS OF RESOURCES	5,968,074	264,364
Net Position:		
Net Investment in Capital Assets	750,398	734,456
Resticted for Pension and OPEB Benefits	7,267,043	234,172
Unrestricted	728,623	3,781,654
TOTAL NET POSITION	8,746,064	4,750,282

Because prior year information related to leases was not available, the 2021 numbers have not been restated to reflect GASB 87 calculations.

The financial condition of the CSB increased less than 84% in 2022 compared to 2021 due to a 12.5% temporary increase in Medicaid rates for certain services, new grant revenue streams from state and federal sources, recognition of lease liabilities as a result of implementing GASB 87, and an increase in net pension asset per the Virginia Retirement Systems most recent actuarial valuation.

Change in Net Position: A summary of the CSB's Statement of Revenues, Expenses and Net Position for the years ended June 30, 2022 and 2021 are presented below:

	2022	2021
Operating Revenues	6,961,723	5,692,193
Operating Expenses	15,834,531	17,319,566
Operating Income (Loss)	(8,872,808)	(11,627,373)
Non-operating Income	12,868,590	11,562,630
Change in Net Position	3,995,782	(64,743)

Because prior year information related to leases was not available, the 2021 numbers have not been restated to reflect GASB 87 calculations.

Operating revenues represent the revenue received from providing patient (consumer) services. The largest source of patient service revenue to the CSB is Medicaid. Net Patient Service Fees increased by $1,269,500 due in part to a temporary increase of 12.5% in some Medicaid rates.

Operating Expenses decreased by $1,485,035. Operating Expenses include staff salaries and benefits which decreased due to position vacancies.

Non-operating revenues (expenses) consist of state, local and federal appropriations, regional funding and interest income from investments. Non-operating income increased by $1,306,186 due to an increase in state funding and federal pass-through grants.

Cash Flows: A summary of the CSB's Statement of Cash Flows for 2022 and 2021 are presented below:

	2022	2021
Cash Flows from Operating Activities	(8,570,047)	(10,367,329)
Cash Flows from Non-Capital Activities	12,143,495	11,592,204
Cash Flows from Capital Activities	(238,193)	(22,417)
Cash Flows from Investing Activities	5,827	5,272
Net Increase (Decrease) in Cash	3,341,082	1,207,730
Cash-Beginning of Year	4,537,204	3,329,474
Cash-End of Year	7,878,286	4,537,204

Cash flows (use of cash) for activities increased by $3,341,082 in 2022 over 2021 primarily due to the temporary increase in Medicaid rates previously discussed.

Capital Assets and Debt Administration

Capital Assets

Capital assets increased from FY21 to FY22 by $7,810,672 due primarily to implementation of GASB #87.

Long-Term Debt

The CSB had no bonded debt outstanding in FY21 or FY22. Long term liabilities consist entirely of compensated absences, other post-employment benefits, and lease liabilities from implementation of GASB 87 in FY22.

REQUEST FOR INFORMATION

This financial report is designed to provide the citizens, clients and taxpayers a general overview of the financial operations of the CSB. Questions concerning this report or requests for additional financial information should addressed in writing to the Director of Finance, District 19 Community Services Board, 20 W. Bank Street, Suite 2, Petersburg, Virginia 23803.

DISTRICT 19 COMMUNITY SERVICES BOARD

Statement of Net Position
As of June 30, 2022

ASSETS		
Current Assets:		
Cash and cash equivalents	$	7,878,286
Client receivables, less allowance for uncollectible		678,553
Other receivable		187
Prepaid items		180,117
Total current assets	$	8,737,143
Noncurrent Assets:		
Net pension asset	$	7,265,123
Net OPEB asset		1,920
Capital assets:		
Land		222,087
Buildings, leasehold improvements, vehicles & equipment, less accumulated depreciation		8,322,815
Total noncurrent assets	$	15,811,945
Total assets	$	24,549,088
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$	1,066,690
OPEB related items		172,161
Total deferred outflows of resources	$	1,238,851
LIABILITIES		
Current Liabilities:		
Accounts payable	$	512,095
Wages payable		324,818
Grants refundable		100,464
Current portion of compensated absences		114,907
Current portion of lease liabilities		732,869
Total current liabilities	$	1,785,153
Long-Term Liabilities:		
Compensated absences, less current portion	$	1,034,169
Net OPEB liabilities		1,192,844
Lease liabilities, less current portion		7,061,635
Total long-term liabilities	$	9,288,648
Total liabilities	$	11,073,801
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$	5,513,477
OPEB related items		454,597
Total deferred inflows of resources	$	5,968,074
NET POSITION		
Net investment in capital assets	$	750,398
Restricted for pension and OPEB benefits		7,267,043
Unrestricted		728,623
Total net position	$	8,746,064

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

Operating revenues:		
Patient service fees	$	6,961,723
Operating expenses:		
Personnel	$	9,969,696
Fringe benefits		1,956,118
Purchased services		656,279
Other charges		2,283,806
Leases		79,676
Depreciation		888,956
Total operating expenses	$	15,834,531
Operating income (loss)	$	(8,872,808)
Nonoperating income (loss):		
Appropriations:		
Commonwealth of Virginia, including pass-through grants of $2,387,252 from the federal government	$	10,960,415
Direct federal payments		134,760
Local governments		856,887
Other agencies		902,667
Interest income		5,827
Grants and donations		108,228
Interest expense		(100,194)
Total nonoperating income (loss)	$	12,868,590
Change in net position	$	3,995,782
Net position at beginning of year		4,750,282
Net position at end of year	$	8,746,064

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Statement of Cash Flows
Year Ended June 30, 2022

Cash flows from operating activities:		
Receipts from customers	$	6,823,727
Payments to suppliers		(3,005,473)
Payments to employees		(12,388,301)
Total cash flows provided by (used for) operating activities	$	(8,570,047)
Cash flows from non-capital and related financing activities:		
Government and other agency grants	$	12,802,166
Grants and donations		108,228
Lease liabilities		(666,705)
Interest on lease liabilities		(100,194)
Total cash flows provided by (used for) non-capital and related financing activities	$	12,143,495
Cash flows from capital and related financing activities:		
Purchase of capital assets	$	(238,193)
Cash flows from investing activities:		
Interest income	$	5,827
Net increase (decrease) in cash and cash equivalents	$	3,341,082
Cash and cash equivalents, beginning of year		4,537,204
Cash and cash equivalents, end of year	$	7,878,286

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

Operating income (loss)	$	(8,872,808)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operations:		
Depreciation/amortization		888,956
Changes in assets, liabilities, and deferred inflows/outflows of resources:		
(Increase)/decrease in client receivables		(137,996)
(Increase)/decrease in other receivables		3,394
(Increase)/decrease in prepaid items		(3,736)
(Increase)/decrease in net pension asset		(7,030,951)
(Increase)/decrease in deferred outflows of resources		1,030,399
Increase/(decrease) in accounts payable		18,025
Increase/(decrease) in wages payable		51,077
Increase/(decrease) in net OPEB liabilities		(325,203)
Increase/(decrease) in compensated absences		105,086
Increase/(decrease) in deferred inflows of resources		5,703,710
Cash flows provided by (used for) operating activities	$	(8,570,047)

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

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DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements
As of June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description and Purpose of Agency

The Board operates as an agent for the Cities of Petersburg, Hopewell, Colonial Heights, and Emporia and the Counties of Sussex, Surry, Prince George, Greensville, and Dinwiddie in the establishment and operation of community mental health, intellectual and developmental disabilities, and substance abuse programs as provided for in Chapter 10 Title 37.2 of the Code of Virginia (1950), as amended, relating to the Virginia Department of Behavioral Health and Developmental Services. The Board provides a system of community mental health, intellectual and developmental disabilities, and substance abuse services which are developed in and meet the needs of the participating localities.

B. Reporting Entity

For financial reporting purposes, the Board has no organizations for which it is considered financially accountable.

C. Individual Component Unit Disclosures

Blended Component Units - The Board has no blended component units.

Discretely Presented Component Units - The Board has no discretely presented component units.

D. Basis of Accounting

The Board is funded by Federal, State and local funds. Its accounting policies are governed by applicable provisions of these grants and applicable pronouncements and publications of the grantors. The Board utilizes the accrual basis of accounting where revenues are recorded when earned and expenses recorded when incurred, regardless of when the related cash flow takes place.

E. Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

F. Enterprise Fund Accounting

District 19 Community Services Board is a governmental health care entity and is required to follow the accounting and reporting practices of the Governmental Accounting Standards Board. For financial reporting purposes, the Board utilizes the enterprise fund method of accounting whereby revenues and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Use of Estimates

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

H. Cash and Cash Equivalents

The Board maintains cash accounts with financial institutions in accordance with the Virginia Security for Public Deposits Act of the Code of Virginia. The Act requires financial institutions to meet specific collateralization requirements. Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less at the date of acquisition.

I. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

J. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

K. Net Client Service Revenue

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

The Board bills and collects fees for services from its clients. At June 30, 2022, the Board was due $1,123,004 in client receivables which was made up of Medicaid funds and other client fees. When applicable, the Board calculates its allowance for uncollectible accounts using historical data. The allowance for uncollectible accounts was $444,451 at June 30, 2022.

L. Financial Assistance

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Capital Assets

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

Tangible and intangible property, plant and equipment and the right to use lease assets are depreciated using the straight-line method over the following estimated useful lives as shown below:

Assets	Years
Leased buildings	2-23
Building Improvements	5-30
Vehicles	5
Office and computer equipment	5
Leased vehicles & equipment	3-5

N. Leases

The Board leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

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

Key Estimates and Judgments

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

- The Board uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Board uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Leases (Continued)

Key Estimates and Judgments (Continued)

- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability.

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

O. Operating and Nonoperating Revenues and Expenses

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

P. Compensated Absences

The Board's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of services. Employees terminating their employment are paid by the Board their accumulated annual leave up to the maximum limit. Unused sick leave is paid at the date of separation based on length of service. The amount of annual and sick leave recognized as expense is the amount earned during the year. The balance at June 30, 2022 was $1,149,076.

Q. Budgetary Accounting

The Board follows these procedures in establishing its budgets:

1. In response to Letters of Notification received from the Department of Behavioral Health and Developmental Services (the Department), the Board submits a Performance Contract to the Department. This application contains budgets for core services.

2. The Board's Performance Reports are filed with the Department during the fiscal year, 45 working days after the end of the second quarter. The final quarterly report is due by August 31 (unless extended), following the end of the fiscal year.

3. If any changes are made during the fiscal year in state or federal block grants, or local match funds, the Board submits Performance Contract revisions that reflect these changes in time to be received by required deadlines.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/ amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

S. Deferred Outflow/Inflows of Resources

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

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

T. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

U. Other Postemployment Benefits (OPEB)

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

For purposes of measuring the medical and dental pay-as-you go liability, deferred outflows of resources and deferred inflows of resources related to the Plan's OPEB, and the related OPEB expenses, information about the fiduciary net position of the Board's Medical and Dental Pay-As-You go Plan and the additions to/deductions from the Board's OPEB Plan's fiduciary net position have been determined in accordance with GASB 75 based on key assumptions to include: turnover and retirement rates, healthcare trend and claim costs, mortality and discount rate. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon 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). At June 30, 2022, District 19 Community Services Board had no investments.

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NOTE 3 - PENSION PLAN:

Plan Description

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

Benefit Structures

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

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

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

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

Average Final Compensation and Service Retirement Multiplier

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

NOTE 3 - 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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	163
Inactive members:	
Vested inactive members	84
Non-vested inactive members	91
Inactive members active elsewhere in VRS	111
Total inactive members	286
Active members	167
Total covered employees	616

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, 2022 was 3.34% 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 $243,018 and $240,788 for the years ended June 30, 2022 and June 30, 2021, respectively.

NOTE 3 - 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, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

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, 2020, 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, 2021.

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

Mortality rates:

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

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

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

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

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

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

NOTE 3 - PENSION PLAN (Continued)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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NOTE 3 - PENSION PLAN (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Stra	6.00%	3.29%	0.20%
PIP - Private Investment Partr	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

NOTE 3 - PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. 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, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
Balances at June 30, 2020	$ 37,212,669	$ 37,446,841	$ (234,172)
Changes for the year:			
Service cost	$ 771,077	$ -	$ 771,077
Interest	2,455,046	-	2,455,046
Differences between expected and actual experience	(935,662)	-	(935,662)
Assumption changes	1,480,356	-	1,480,356
Contributions - employer	-	236,359	(236,359)
Contributions - employee	-	422,740	(422,740)
Net investment income	-	10,167,322	(10,167,322)
Benefit payments, including refunds of employee contributions	(1,683,249)	(1,683,249)	-
Administrative expenses	-	(25,609)	25,609
Other changes	-	956	(956)
Net changes	$ 2,087,568	$ 9,118,519	$ (7,030,951)
Balances at June 30, 2021	$ 39,300,237	$ 46,565,360	$ (7,265,123)

NOTE 3 - PENSION PLAN (Continued)

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

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

	Rate		
	1% Decrease (5.75%)	**Current Discount (6.75%)**	**1% Increase (7.75%)**
Board's Net Pension Liability (Asset)	$ (1,971,888)	$ (7,265,123)	$ (11,606,803)

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

For the year ended June 30, 2022, the Board recognized pension expense of ($284,471). At June 30, 2022, 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	$ 83,494	$ 467,831
Change in assumptions	740,178	-
Net difference between projected and actual earnings on pension plan investments	-	5,045,646
Employer contributions subsequent to the measurement date	243,018	-
Total	$ 1,066,690	$ 5,513,477

NOTE 3 - PENSION PLAN (Continued)

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

$243,018 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, 2023. 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		
2023	$	(827,929)
2024		(1,152,695)
2025		(1,174,168)
2026		(1,535,013)
2027		-
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

Plan Description

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

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

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 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 $49,136 and $48,999 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the entity reported a liability of $511,697 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was .04400% as compared to .04400% at June 30, 2020.

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

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

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $7,707. 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, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 58,361	$ 3,899
Net difference between projected and actual earnings on GLI OPEB plan investments	-	122,131
Change in assumptions	28,210	70,011
Changes in proportionate share	6,194	36,329
Employer contributions subsequent to the measurement date	48,613	-
Total	$ 141,378	$ 232,370

$48,613 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2023	$ (38,464)
2024	(27,226)
2025	(24,033)
2026	(41,857)
2027	(8,025)
Thereafter	-

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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

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

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

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

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	3,577,346
Plan Fiduciary Net Position		2,413,074
GLI NET OPEB Liability (Asset)	$	1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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.

NOTE 4—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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strateg	6.00%	3.29%	0.20%
PIP - Private Investment Partner	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, 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, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Board's proportionate share of the GLI Plan Net OPEB Liability	$ 747,608	$ 511,697	$ 321,188

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2022

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

Plan Description (Continued)

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

Eligible Employees

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

Benefit Amounts

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

HIC Plan Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	45
Inactive members:	
Vested inactive members	3
Total Inactive members	48
Active members	167
Total covered employees	215

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

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Board's contractually required employer contribution rate for the year ended June 30, 2022 was .15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Board to the HIC Plan were $13,504 and $13,605 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately $2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Asset

The Board's net HIC OPEB asset was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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

Actuarial Assumptions (Continued)

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

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

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

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

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Long-Term Expected Rate of Return

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

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investement Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy 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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

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

Changes in Net HIC OPEB Liability (Asset)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	$ 365,608	$ 305,591	$ 60,017
Changes for the year:			
Service cost	$ 9,713	$ -	$ 9,713
Interest	23,826	-	23,826
Differences between expected and actual experience	(9,964)	-	(9,964)
Assumption changes	5,978	-	5,978
Contributions - employer	-	13,605	(13,605)
Net investment income	-	78,789	(78,789)
Benefit payments, including refunds of employee contributions	(25,264)	(25,264)	-
Administrative expense	-	(904)	904
Net changes	$ 4,289	$ 66,226	$ (61,937)
Balances at June 30, 2021	$ 369,897	$ 371,817	$ (1,920)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Board's Net HIC OPEB Liability (Asset)	$ 37,730	$ (1,920)	$ (35,608)

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

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2022, the Board recognized HIC Plan OPEB expense of $3,644 to the Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,308	$ 12,057
Net difference between projected and actual earnings on HIC OPEB plan investments	-	37,674
Change in assumptions	9,514	2,478
Employer contributions subsequent to the measurement date	13,504	-
Total	$ 29,326	$ 52,209

$13,504 reported as deferred outflows of resources related to the HIC OPEB resulting from the Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2023	$ (8,259)
2024	(7,992)
2025	(7,319)
2026	(12,146)
2027	(671)
Thereafter	-

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

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Plan Description

In addition to the pension and other postemployment benefits previously described, the Board administers a single-employer defined benefit healthcare plan, The District 19 Community Service Board Other Postemployment Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. No benefits are provided to Medicare eligible retirees or their spouses.

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

	Number
Total active employees with coverage	177
Total retirees with coverage	6
Total spouses of retires with coverage	1
Total	184

Contributions

The Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Board. The amount paid by the Board for OPEB as the benefits came due during the year ended June 30, 2022 was $51,391.

Total OPEB Liability

The Board's total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	3.54%
Actuarial cost method	Entry Age Normal
Medical Trend Rate	11.00% for fiscal 2021, 5.30% for fiscal 2022, then grading to an ultimate rate of 3.90% for fiscal 2073
Salary increases including inflation	5.35% for 1-2 years of service, 4.75% for 3 years of service, then grading to an ultimate rate of 3.50% for 20+ years

Discount Rate

The discount rate is a single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the sum of:

1) The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.
2) The actuarial present value of projected benefit payments not included in (1), calculated using the Municipal Bond Rate.

Municipal Bond Rate

The Municipal Bond Rate is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2021	$ 721,822
Changes for the year:	
Service cost	$ 42,933
Interest on total OPEB liability	15,933
Economic/demographic gains or losses	(32,688)
Changes in assumptions	(12,401)
Benefit payments	(54,452)
Net changes	$ (40,675)
Balances at June 30, 2022	$ 681,147

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

The following amounts present the total OPEB liability of the Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

Rate		
1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
$ 716,989	$ 681,147	$ 646,574

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

The following presents the total OPEB liability of the Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (10.00% decreasing to 3.90% over 53 years) or one percentage point higher (12.00% decreasing to 3.90% over 53 years) than the current healthcare cost trend rates:

Rates		
1% Decrease 10.00%	Current Trend 11.00%	1% Increase 12.00%
$ 622,505	$ 681,147	$ 748,264

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

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

For the year ended June 30, 2022, the Board recognized OPEB expense in the amount of $6,370. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resouces	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 92,439
Changes in assumptions	1,457	77,579
Total	$ 1,457	$ 170,018

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future report periods as follows:

Year Ended June 30	
2023	$ (53,345)
2024	(53,436)
2025	(48,895)
2026	(8,051)
2027	(4,834)
Thereafter	-

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

NOTE 7 – SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT PLANS

Aggregate OPEB Information

	Net OPEB Asset	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:					
Group Life Insurance Plan (Note 4)	$ -	$ 141,378	$ 232,370	$ 511,697	$ 7,707
Health Insurance Credit Plan (Note 5)	1,920	29,326	52,209	-	3,644
Board Stand-Alone Plan (Note 6)	-	1,457	170,018	681,147	6,370
Totals	$ 1,920	$ 172,161	$ 454,597	$ 1,192,844	$ 17,721

NOTE 8 - CONTINGENT LIABILITIES

The Board operates programs which are funded by grants received from federal, state or local sources. Expenditures financed by grants are subject to audit by the grantor. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor. The Board believes that the likelihood of disallowance of expenditures and subsequent reimbursements is remote and would not have a material effect on the overall financial position of the Board.

At June 30, 2022, there were no matters of litigation involving the Board which would materially affect the Board’s financial position should any court decision or pending matter not be favorable to the Board.

NOTE 9 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates with other localities in a public entity risk pool for their coverage of Public Official’s Liability through the Commonwealth of Virginia's Division of Risk Management. The Board pays an annual premium to the pool for its general insurance through member premiums. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Board continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - FISCAL AGENT

The County of Prince George, Virginia acts as fiscal agent for District 19 Community Services Board pursuant to the requirements of Section 37.2-195 of the Code of Virginia (1950) as amended.

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DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2022

NOTE 11 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2022 is presented below:

	Balance July 1, 2021	Adjustments	Adjusted Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets not subject to depreciation:						
Land	$ 222,087	$ -	$ 222,087	$ -	$ -	$ 222,087
Total capital assets not subject to depreciation	$ 222,087	$ -	$ 222,087	$ -	$ -	$ 222,087
Capital assets subject to depreciation:						
Buildings	$ 752,029	$ -	$ 752,029	$ -	$ -	$ 752,029
Leasehold improvements	179,356	-	179,356	151,186	-	330,542
Equipment	1,159,211	(72,566)	1,086,645	87,007	7,359	1,166,293
Leased buildings	-	7,434,113	7,434,113	364,382	59,734	7,738,761
Leased vehicles	-	431,151	431,151	127,768	-	558,919
Leased equipment	-	91,016	91,016	12,779	-	103,795
Total capital assets being depreciated	$ 2,090,596	$ 7,883,714	$ 9,974,310	$ 743,122	$ 67,093	$ 10,650,339
Less accumulated depreciation for:						
Buildings	$ 515,450	$ -	$ 515,450	$ 27,908	$ -	$ 543,358
Leasehold improvements	47,828	-	47,828	26,271	-	74,099
Equipment	1,014,949	(72,566)	942,383	69,860	7,359	1,004,884
Leased buildings	-	-	-	101,526	59,734	41,792
Leased vehicles	-	-	-	636,004	-	636,004
Leased equipment	-	-	-	27,387	-	27,387
Total accumulated depreciation	$ 1,578,227	$ (72,566)	$ 1,505,661	$ 888,956	$ 67,093	$ 2,327,524
Total capital assets being depreciated, net	$ 512,369	$ 7,956,280	$ 8,468,649	$ (145,834)	$ -	$ 8,322,815
Total capital assets, net	$ 734,456	$ 7,956,280	$ 8,690,736	$ (145,834)	$ -	$ 8,544,902

Adjustments include addition of leases due to implementation of GASB 87 and removal of fully depreciated equipment from prior year.

NOTE 12 - LOCAL GOVERNMENT CONTRIBUTIONS BY PARTICIPANT LOCAL GOVERNMENTS

The participating localities contributed the following for the fiscal year ended June 30, 2022:

City of Petersburg	$ 228,349
City of Colonial Heights	43,712
County of Greensville	60,263
County of Surry	78,435
City of Hopewell	117,585
City of Emporia	49,397
County of Sussex	76,235
County of Dinwiddie	85,537
County of Prince George	117,374
Total	$ 856,887

NOTE 13 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the Board for the year ended June 30, 2022:

	Balance at July 1, 2021	Adjustments	Adjusted Balance July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Amounts due within one year
Compensated absences	$ 1,043,990	$ -	$ 1,043,990	$ 209,485	$ 104,399	$ 1,149,076	$ 114,907
Net OPEB liabilities	1,516,127	-	1,516,127	263,015	588,218	1,190,924	-
Lease liabilities	-	7,956,280	7,956,280	504,929	666,705	7,794,504	732,869
Total liabilities	$ 2,560,117	$ 7,956,280	$ 10,516,397	$ 977,429	$ 1,359,322	$ 10,134,504	$ 847,776

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

Year Ended June 30	Lease Liabilities Principal	Lease Liabilities Interest
2023	732,869	104,729
2024	746,922	96,145
2025	678,693	87,511
2026	554,743	79,213
2027	532,571	71,267
2028 - 2032	2,690,671	238,469
2033 - 2036	1,858,035	45,906
Total	$ 7,794,504	$ 723,240

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DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Financial Statements (Continued)
As of June 30, 2022

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Details of long-term indebtedness are as follows:

Lease Liabilities:	Total Amount
$253,207 automobile leases (fifteen) issued July 1, 2021, due in monthly installments of $5,356 through October 31, 2025, interest at 0.56%	$ 195,228
$125,802 automobile leases (five) issued July 1, 2021, due in monthly installments of $2,463 through January 31, 2026 interest at 0.69%	98,635
$52,142 automobile leases (two) issued July 1, 2021, due in monthly installments of $1,002 through February 28, 2026, interest at 0.69%	41,085
$53,037 automobile leases (six) issued April 12, 2022, due in monthly installments of $2,468 through May 31,2027, interest at 2.29%	123,144
$53,037 postage equpment leases (three) issued June 29, 2022, due in monthly installments of $1,422 through June 30, 2025, interest at 2.14%	11,682
$93,898 building lease issued August 1, 2021, due in monthly installments of $2,547 through July 31, 2024, interest at 0.41%	66,156
$46,970 copier lease issued July 1, 2021, due in monthly installments of $1,244 through August 31, 2024, interest at 0.41%	32,203
$7,533 copier lease issued July 1, 2021, due in monthly installments of $223 through April 30, 2024, interest at 0.41%	4,884
$36,513 copier lease issued July 1, 2021, due in monthly installments of $820 through April 30, 2025, interest at 0.5603%	26,845
$270,710 building lease issued March 1, 2022, due in monthly installments of $7,472 through September 30, 2025, interest at 0.25%%	240,978
$7,374,379 building lease issued July 1, 2021, due in monthly installments of $35,619 through September 30, 2035, interest at 1.47%	6,953,664
Total lease liabilities	$ 7,794,504

NOTE 14 – NET PATIENT REVENUE SOURCES

Net Patient Revenues for 2022 were from the following sources:

Medicaid	$ 6,743,396
Direct Client & Third Parties	218,327
Total	$ 6,961,723

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLES

The Board implemented provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. 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. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

Lessee activity:	
Assets under lease	$ 7,956,280
Leases liabilities	$ 7,956,280

NOTE 16 – UPCOMING PRONOUNCEMENTS

Statement No. 91, *Conduit Debt Obligations,* provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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 fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

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

NOTE 16 – UPCOMING PRONOUNCEMENTS (Continued)

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

NOTE 17 – COVID-19 PANDEMIC

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Board, COVID-19 impacted various parts of its 2022 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. The Board believes it 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 2023.

On March 27, 2021, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

The Board received COVID-19 Provider Relief Funds in the amount of $134,760 during the year.

REQUIRED SUPPLEMENTARY INFORMATION

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020
Total pension liability		
Service cost	$ 771,077	$ 797,586
Interest	2,455,046	2,309,655
Differences between expected and actual experience	(935,662)	779,284
Changes of assumptions	1,480,356	-
Benefit payments	(1,683,249)	(1,781,943)
Net change in total pension liability	$ 2,087,568	$ 2,104,582
Total pension liability - beginning	37,212,669	35,108,087
Total pension liability - ending (a)	$ 39,300,237	$ 37,212,669
Plan fiduciary net position		
Contributions - employer	$ 236,359	$ 131,876
Contributions - employee	422,740	417,228
Net investment income	10,167,322	717,498
Benefit payments	(1,683,249)	(1,781,943)
Administrator charges	(25,609)	(25,068)
Other	956	(844)
Net change in plan fiduciary net position	$ 9,118,519	$ (541,253)
Plan fiduciary net position - beginning	37,446,841	37,988,094
Plan fiduciary net position - ending (b)	$ 46,565,360	$ 37,446,841
Board's net pension liability (asset) - ending (a) - (b)	$ (7,265,123)	$ (234,172)
Plan fiduciary net position as a percentage of the total pension liability	118.49%	100.63%
Covered payroll	$ 9,069,845	$ 8,962,005
Board's net pension liability (asset) as a percentage of covered payroll	-80.10%	-2.61%

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

	2019	2018	2017	2016	2015	2014
	$ 762,836	$ 780,347	$ 838,726	$ 925,010	$ 901,004	$ 955,514
	2,192,881	2,111,354	2,041,818	1,972,594	1,879,617	1,756,243
	471,760	(271,104)	(308,391)	(710,160)	(394,296)	-
	1,060,832	-	(177,279)	-	-	-
	(1,414,195)	(1,497,643)	(1,305,372)	(1,091,689)	(1,024,457)	(874,104)
	$ 3,074,114	$ 1,122,954	$ 1,089,502	$ 1,095,755	$ 1,361,868	$ 1,837,653
	32,033,973	30,911,019	29,821,517	28,725,762	27,363,894	25,526,241
	$ 35,108,087	$ 32,033,973	$ 30,911,019	$ 29,821,517	$ 28,725,762	$ 27,363,894
	$ 139,397	$ 250,447	$ 251,671	$ 373,560	$ 388,690	$ 414,951
	422,077	442,715	448,728	440,678	448,201	443,806
	2,413,602	2,557,090	3,824,651	544,770	1,376,722	4,123,203
	(1,414,195)	(1,497,643)	(1,305,372)	(1,091,689)	(1,024,457)	(874,104)
	(24,184)	(22,322)	(22,260)	(19,417)	(18,769)	(22,018)
	(1,516)	(2,263)	(3,394)	(231)	(292)	217
	$ 1,535,181	$ 1,728,024	$ 3,194,024	$ 247,671	$ 1,170,095	$ 4,086,055
	36,452,913	34,724,889	31,530,865	31,283,194	30,113,099	26,027,044
	$ 37,988,094	$ 36,452,913	$ 34,724,889	$ 31,530,865	$ 31,283,194	$ 30,113,099
	$ (2,880,007)	$ (4,418,940)	$ (3,813,870)	$ (1,709,348)	$ (2,557,432)	$ (2,749,205)
	108.20%	113.79%	112.34%	105.73%	108.90%	110.05%
	$ 8,897,911	$ 8,704,677	$ 8,290,330	8,787,778	$ 8,995,323	$ 8,861,241
	-32.37%	-50.77%	-46.00%	-19.45%	-28.43%	-31.03%

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	$ 243,018	$ 243,018	$ -	$ 9,002,375	2.70%
2021	240,788	240,788	-	9,069,845	2.65%
2020	129,385	129,385	-	8,962,005	1.44%
2019	137,525	137,525	-	8,897,911	1.55%
2018	253,344	253,344	-	8,704,677	2.91%
2017	275,239	275,239	-	8,290,330	3.32%
2016	483,328	386,662	96,666	8,787,778	5.50%
2015	494,743	395,794	98,949	8,995,323	5.50%
2014	593,703	415,592	178,111	8,861,243	6.70%
2013	596,544	417,580	178,963	8,903,635	6.70%

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Notes to Required Supplementary Information
Penion Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Board's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.04400%	$ 511,697	$ 9,073,887	5.64%	67.45%
2020	0.04400%	734,288	9,055,535	8.11%	52.64%
2019	0.04545%	739,592	8,909,761	8.30%	52.00%
2018	0.04618%	702,000	8,780,091	8.00%	51.22%
2017	0.04517%	680,000	8,331,892	8.16%	48.86%

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

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	$ 48,613	$ 48,613	$ -	$ 9,002,375	0.54%
2021	48,999	48,999	-	9,073,887	0.54%
2020	47,089	47,089	-	9,055,535	0.52%
2019	46,331	46,331	-	8,909,761	0.52%
2018	45,656	45,656	-	8,780,091	0.52%
2017	43,326	43,326	-	8,331,892	0.52%
2016	42,181	42,181	-	8,787,778	0.48%
2015	43,178	43,178	-	8,995,323	0.48%
2014	42,534	42,534	-	8,861,243	0.48%
2013	42,872	42,872	-	8,931,674	0.48%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

DISTRICT 19 COMMUNITY SERVICE BOARD

Schedule of Changes in Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through 2021

	2021	2020	2019	2018	2017
Total HIC OPEB Liability					
Service cost	$ 9,713	$ 9,351	$ 9,095	$ 9,203	$ 10,012
Interest	23,826	23,637	22,455	21,534	20,993
Differences between expected and actual experience	(9,964)	(5,664)	10,330	2,124	-
Changes in assumptions	5,978	-	8,614	-	(9,068)
Benefit payments	(25,264)	(23,795)	(18,414)	(20,984)	(7,435)
Net change in total HIC OPEB liability	$ 4,289	$ 3,529	$ 32,080	$ 11,877	$ 14,502
Total HIC OPEB Liability - beginning	365,608	362,079	329,999	318,122	303,620
Total HIC OPEB Liability - ending (a)	$ 369,897	$ 365,608	$ 362,079	$ 329,999	$ 318,122
Plan fiduciary net position					
Contributions - employer	$ 13,605	$ 13,443	$ 13,346	$ 12,183	$ 11,607
Net investment income	78,789	6,170	18,950	20,288	29,550
Benefit payments	(25,264)	(23,795)	(18,414)	(20,984)	(7,435)
Administrator charges	(904)	(581)	(413)	(471)	(485)
Other	-	(3)	(22)	(1,478)	1,478
Net change in plan fiduciary net position	$ 66,226	$ (4,766)	$ 13,447	$ 9,538	$ 34,715
Plan fiduciary net position - beginning	305,591	310,357	296,910	287,372	252,657
Plan fiduciary net position - ending (b)	$ 371,817	$ 305,591	$ 310,357	$ 296,910	$ 287,372
Board's net HIC OPEB liability - ending (a) - (b)	$ (1,920)	$ 60,017	$ 51,722	$ 33,089	$ 30,750
Plan fiduciary net position as a percentage of the total HIC OPEB liability	100.52%	83.58%	85.72%	89.97%	90.33%
Covered payroll	$ 9,069,845	$ 8,962,005	$ 8,997,911	$ 8,704,677	$ 8,290,330
Board's net HIC OPEB liability as a percentage of covered payroll	-0.02%	0.67%	0.57%	0.38%	0.37%

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

DISTRICT 19 COMMUNITY SERVICE BOARD

Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	$ 13,504	$ 13,504	$ -	$ 9,002,375	0.15%
2021	13,605	13,605	-	9,069,845	0.15%
2020	13,443	13,443	-	8,962,005	0.15%
2019	13,347	13,347	-	8,997,911	0.15%
2018	12,187	12,187	-	8,704,677	0.14%
2017	11,606	11,606	-	8,290,330	0.14%
2016	11,424	11,424	-	8,787,778	0.13%
2015	11,694	11,694	-	8,995,323	0.13%
2014	16,836	16,836	-	8,861,243	0.19%
2013	16,908	16,908	-	8,899,132	0.19%

DISTRICT 19 COMMUNITY SERVICE BOARD

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 though June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

DISTRICT 19 COMMUNITY SERVICE BOARD

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Medical and Dental OPEB Plan
For the Measurement Dates of June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 42,933	$ 40,909	$ 44,238	$ 43,851	$ 44,726
Interest	15,933	16,131	33,980	35,547	31,975
Economic/demographic gains or losses	(32,688)	-	(133,439)	-	-
Changes in assumptions	(12,401)	1,627	(136,289)	20,290	(20,448)
Benefit payments	(54,452)	(51,391)	(40,805)	(54,475)	(46,505)
Net change in total OPEB liability	$ (40,675)	$ 7,276	$ (232,315)	$ 45,213	$ 9,748
Total OPEB liability - beginning	721,822	714,546	946,861	901,648	891,900
Total OPEB liability - ending	$ 681,147	$ 721,822	$ 714,546	$ 946,861	$ 901,648
Covered payroll	9,518,937	9,106,189	$ 8,666,815	$ 8,744,100	$ 8,744,100
Board's total OPEB liability (asset) as a percentage of covered payroll	7.16%	7.93%	8.24%	10.83%	10.31%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

DISTRICT 19 COMMUNITY SERVICE BOARD

Notes to Required Supplementary Information - Medical and Dental OPEB Plan
For the Year Ended June 30, 2022

Valuation Date: 7/1/2021
Measurement Date: 6/30/2022

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

Methods and assumptions used to determine OPEB liability:

Inflation	2.50%
Discount Rate	3.54%
Actuarial cost method	Entry Age Normal
Medical Trend Rate	11% for fiscal 2021, 5.30% for fiscal 2022, then grading to an ultimate rate of 3.90% for fiscal 2073
Salary increase including inflation	5.35% for 1-2 years of service, 4.75% for 3 years of service, then grading to an ultimate rate of 3.50% for 20+ years

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of District 19 Community Services Board as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise District 19 Community Services Board's basic financial statements and have issued our report thereon dated November 16, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered District 19 Community Services Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District 19 Community Services Board's internal control. Accordingly, we do not express an opinion on the effectiveness of District 19 Community Services Board's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether District 19 Community Services Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Richmond, Virginia
November 16, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited District 19 Community Services Board's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of District 19 Community Services Board's major federal programs for the year ended June 30, 2022. District 19 Community Services Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, District 19 Community Services Board complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Report on Internal Control over Compliance (Continued)

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

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

Richmond, Virginia
November 16, 2022

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Treasury:				
Pass Through Payments:				
Department of Behavioral Health and Developmental Services:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	445001-120646	$	95,004
Department of Education:				
Pass-Through Payments:				
Department of Behavioral Health and Developmental Services:				
Special Education- Grants for Infants and Families	84.181	445007-117351 & 119316	$	79,570
Department of Health and Human Services:				
Direct Payment:				
COVID-19 Provider Relief Fund	93.498	not applicable	$	181,811
Pass-Through Payments:				
Department of Behavioral Health and Developmental Services:				
Opioid STR	93.788	445001-119312; 119313 & 119314		129,108
Block Grants for Community Mental Health Services	93.958	445006-119419		223,707
Block Grants for Prevention and Treatment of Substance Abuse	93.959	445001-118775;118776 445001-119422;119425		1,859,863
Total Department of Health and Human Services			$	2,394,489
Total Expenditures of Federal Awards			$	2,569,063

See accompanying notes to Schedule of Expenditures of Federal Awards.

District 19 Community Services Board

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District 19 CSB under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regualations, Part 200, Uniform Adminstrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District 19 CSB, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District 19 CSB.

Note B - Summary of Significant Accounting Policies

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

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

(3) - The Board did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note C - Provider Relief Fund:

Based on current guidance from the Department of Health and Human Services (HHS), PRF exenditures (including lost revenue) are to be reported on the SEFA based upon PRF reports submitted through the Health Resources and Services Administration (HRSA) reporing portal. Therefore, the amount of PRF expenditures included on the FYE June 30, 2022 SEFA is based upn the PRF reporting guidelines for Period 2 and 3. Periods 4 & 5 will be reported on a later date, as specified by HHS.

Note D - Reconciliation to Financial Statements:

Total federal expenditures per basic financial statements	$ 2,522,012
COVID -19 Provider Relief Fund - Period 2	181,811
COVID -19 Provider Relief Fund - Periods 4 & 5	(134,760)
Total federal expenditures per SEFA	$ 2,569,063

Note E - Subrecipients

No awards were passed through to subrecipients.

DISTRICT 19 COMMUNITY SERVICES BOARD

Schedule of Findings and Questioned Costs
As of June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:			*unmodified*	
Internal control over financial reporting:				
Material weakness(es) identified?		yes	✓	no
Significant deficiency(ies) identified?		yes	✓	none reported
Noncompliance material to financial statements noted?		yes	✓	no

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		yes	✓	no
Significant deficiency(ies) identified?		yes	✓	none reported
Type of auditors' report issued on compliance for major programs:			*unmodified*	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?		yes	✓	no

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	✓	yes		no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Schedule of Prior Year Findings
Year Ended June 30, 2022

There were no items reported.

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