

**RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES
DBA ENCOMPASS COMMUNITY SUPPORTS**

CULPEPER, VIRGINIA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025

Table of Contents

| | Page |
|---|-------|
| Board of Directors and Principal Management Team | 1 |
| Organization Chart | 2 |
| Independent Auditors' Report | 3-5 |
| Management's Discussion and Analysis | 6-10 |
| Basic Financial Statements: | |
| Statement of Net Position | 11 |
| Statement of Revenues, Expenses and Changes in Net Position | 12 |
| Statement of Cash Flows | 13 |
| Statement of Fiduciary Net Position | 14 |
| Statement of Changes in Fiduciary Net Position | 15 |
| Notes to Financial Statements | 16-42 |
| Required Supplementary Information: | |
| Schedule of Changes in Net Pension Liability (Asset) and Related Ratios | 43-44 |
| Schedule of Employer Contributions - Pension Plan | 45 |
| Notes to Required Supplementary Information - Pension Plan | 46 |
| Schedule of Agency's Share of Net OPEB Liability - Group Life Insurance (GLI) Plan | 47 |
| Schedule of Employer Contributions - Group Life Insurance (GLI) Plan | 48 |
| Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan | 49 |
| Other Supplementary Information: | |
| <u>Combining Financial Statements:</u> | |
| Combining Statement of Net Position | 50-51 |
| Combining Statement of Revenues, Expenses and Changes in Net Position | 52-53 |
| Combining Statement of Cash Flows | 54-55 |
| <u>Supplemental Schedules:</u> | |
| Supplemental Schedule of Status of DARS Funds | 56 |
| Supplemental Schedule of DARS Costs by Program Activity | 57-58 |
| Supplemental Schedule of Status of DARS Inventories | 59 |
| Other Information: | |
| Legend of Expense Categories | 60 |
| Compliance: | |
| Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 61-62 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance | 63-65 |
| Schedule of Expenditures of Federal Awards | 66 |
| Notes to Schedule of Expenditures of Federal Awards | 67 |
| Schedule of Findings and Questioned Costs | 68 |
| Summary Schedule of Prior Audit Findings | 69 |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES
dba Encompass Community Supports
CULPEPER, VIRGINIA

Board of Directors

Janis Rieley, Chair

Chris Jenkins, Vice Chair

Valerie Ward, Secretary

Sarah Berry

Josephine Gilbert

Robin Breckenridge

Crystal Hale

Richard Brooking

Bradley Hales

Gail Crooks

Frances Krebsler

Kees Dutilh

Dr. Norman Reid

Robert Fuqua

Brittany Shankle

Principal Management Team

Sheryl Reinstrom

Executive Director

Lauren Willis-Thomas

Senior Director of Finance & Administrative Services

Maureen Thomas

Senior Director of Human Resources

David Parks

Director of Information Technology

April Achter

Director of Communications and Public Relations

Sheri Sobkowiak

Director of Case Management Services

Tina Schilling

Director of Aging & Program Support Services

Andrea Coleman

Director of Intellectual & Developmental Disability Services

Kim Donohue

Director of Facilities Management & Housing Services

Donald Janes

Director of Quality Improvement

Taisha Chavez

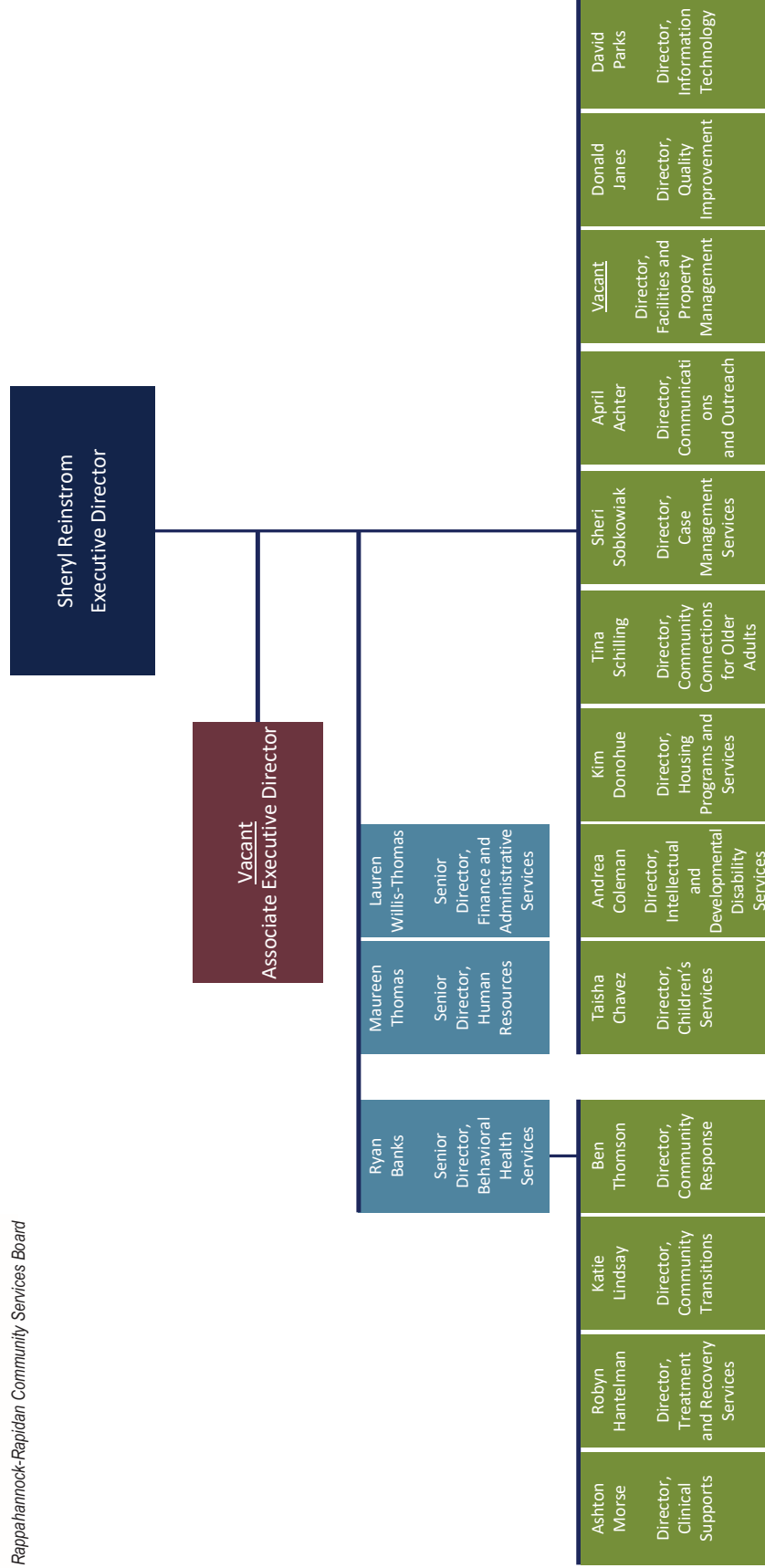
Director of Children's Services

Ben Thomson

Director of Community Response

Katherine Lindsay

Director of Community Transitions





Independent Auditors' Report

**To the Honorable Members of the Board of Directors
Rappahannock Rapidan Community Services
Culpeper, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Rappahannock Rapidan Community Services as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Rappahannock Rapidan Community Services' 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 and the aggregate remaining fund information of Rappahannock Rapidan Community Services, as of June 30, 2025, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Rappahannock Rapidan Community Services, 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 opinions.

Change in Accounting Principles

As described in Note 17 to the financial statements, in 2025, the Board adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are 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 Rappahannock Rapidan Community Services' 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Rappahannock Rapidan Community Services' 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 Rappahannock Rapidan Community Services' 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 in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the Rappahannock Rapidan Community Services' 2024 financial statements, and expressed an unmodified audit opinion on those audited financial statements in the report dated March 15, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2026, on our consideration of Rappahannock Rapidan Community Services' 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 Rappahannock Rapidan Community Services' 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 Rappahannock Rapidan Community Services' internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia
February 6, 2026

**RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
Years Ended June 30, 2025 and 2024**

The following discussion and analysis of Rappahannock Rapidan Community Services' (the Agency) financial performance provides an overview of the Agency's financial activities for the fiscal years ended June 30, 2025 and 2024. Please read this information in conjunction with the Agency's financial statements.

Overview of the Financial Statements

The Agency presents three basic financial statements. These are: (1) Statement of Net Position; (2) Statement of Revenues, Expenses, and Changes in Net Position; and (3) Statement of Cash Flows.

The Agency's financial position is measured in terms of resources (assets) which the Agency owns and obligations (liabilities) that the Agency owes on a given date. This information is reported on the Statement of Net Position, which reflects the Agency's assets and deferred outflows of resources, in relation to its liabilities which include its debts to its suppliers, employees and other creditors, and deferred inflows of resources. The excess of the Agency's assets and deferred outflows of resources over liabilities and deferred inflows of resources is its equity, or net position. The Statement of Revenues, Expenses, and Changes in Net Position reports the changes in the Agency's net position. The Statement of Cash Flows reports the Agency's cash transaction activity and reconciles this activity to the operating income (loss).

Financial Summary

Financial Position

A summary of the Agency's Statement of Net Position for 2025, 2024, and 2023 is presented as follows:

Condensed Statement of Net Position

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Current assets | \$ 6,780,333 | \$ 9,006,633 | \$ 8,902,017 |
| Current assets, restricted | 1,666,102 | 1,605,552 | 1,185,906 |
| Capital assets, net of accumulated depreciation | 22,782,220 | 22,031,008 | 21,341,450 |
| Noncurrent assets | <u>12,921,700</u> | <u>12,108,413</u> | <u>11,695,314</u> |
| Total assets | \$ <u>44,150,355</u> | \$ <u>44,751,606</u> | \$ <u>43,124,687</u> |
| Deferred outflows of resources | \$ <u>778,501</u> | \$ <u>258,260</u> | \$ <u>647,865</u> |
| Current liabilities | \$ 4,913,358 | \$ 4,889,754 | \$ 3,592,275 |
| Current liabilities from restricted assets | 358,564 | 156,389 | 9,927 |
| Long-term liabilities | <u>10,109,206</u> | <u>9,389,220</u> | <u>9,792,318</u> |
| Total liabilities | \$ <u>15,381,128</u> | \$ <u>14,435,363</u> | \$ <u>13,394,520</u> |
| Deferred inflows of resources | \$ <u>1,534,016</u> | \$ <u>1,165,395</u> | \$ <u>2,347,673</u> |
| Net investment in capital assets | \$ 14,039,768 | \$ 12,942,379 | \$ 11,835,582 |
| Net position, restricted | 12,921,700 | 12,108,413 | 12,428,285 |
| Net position, board designated | 95,690 | 95,690 | 95,690 |
| Net position, unrestricted | <u>956,554</u> | <u>4,262,626</u> | <u>3,670,802</u> |
| Total net position | \$ <u><u>28,013,712</u></u> | \$ <u><u>29,409,108</u></u> | \$ <u><u>28,030,359</u></u> |

Financial Summary (Continued)

Financial Position (Continued)

The current financial position of the Agency is stable. This is evidenced by the Agency's liquidity. The Current Ratio (Current Assets/Current Liabilities) of the Agency was 1.38, 1.84, and 2.48 for 2025, 2024, and 2023, respectively.

The portion of net position which represents the amount the Agency has invested in capital assets, net of related capital debt, increased approximately 9.35% from 2023 to 2024 and increased approximately 9.85% from 2024 to 2025. Restricted net position primarily consists of the Agency's net pension asset and other associated balances. From 2023 to 2024, restricted net position decreased by approximately 2.57% and decreased approximately 6.72% from 2024 to 2025.

Changes in Net Position

A summary of the Agency's Statement of Revenues, Expenses, and Changes in Net Position for 2025, 2024, and 2023 is presented as follows:

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

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|--|-----------------------------|-----------------------------|-----------------------------|
| Operating revenues | \$ 11,995,463 | \$ 12,345,069 | \$ 9,831,018 |
| Operating expenses | <u>(36,961,744)</u> | <u>(33,060,775)</u> | <u>(28,892,843)</u> |
| Operating (loss) | \$ <u>(24,966,281)</u> | \$ <u>(20,715,706)</u> | \$ <u>(19,061,825)</u> |
| Nonoperating revenues (expenses) | | | |
| Appropriations from governments | \$ 20,630,201 | \$ 19,923,110 | \$ 16,888,654 |
| Interest income | 26,792 | 21,376 | 12 |
| Other | 3,241,645 | 2,391,432 | 3,044,506 |
| Interest expense | (380,065) | (354,073) | (347,537) |
| Gain (loss) on disposition of capital assets | <u>52,312</u> | <u>112,610</u> | <u>-</u> |
| Net nonoperating revenues (expenses) | \$ <u>23,570,885</u> | \$ <u>22,094,455</u> | \$ <u>19,585,635</u> |
| Change in net position | \$ (1,395,396) | \$ 1,378,749 | \$ 523,810 |
| Net position, beginning of year | <u>29,409,108</u> | <u>28,030,359</u> | <u>27,506,549</u> |
| Net position, end of year | \$ <u><u>28,013,712</u></u> | \$ <u><u>29,409,108</u></u> | \$ <u><u>28,030,359</u></u> |

Financial Summary (Continued)

Financial Position (Continued)

The following data is intended to provide a comparison of all major revenue sources for the fiscal years ended June 30:

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|---------------------|---------------|---------------|--------------|
| Revenues | | | |
| Net service revenue | \$ 11,995,463 | \$ 12,345,069 | \$ 9,831,018 |
| State | 13,834,251 | 13,818,305 | 11,340,240 |
| Federal | 3,574,625 | 3,450,230 | 3,035,617 |
| Local | 3,221,325 | 2,654,575 | 2,512,797 |
| Interest income | 26,792 | 21,376 | 12 |
| Other | 3,241,645 | 2,391,432 | 3,044,506 |

The following data provides a comparison of all expenditures by category for the fiscal years ended June 30:

| | <u>2025</u> | <u>2024</u> | <u>2024</u> |
|----------------------------|---------------|---------------|---------------|
| Expenses | | | |
| Salaries and benefits | \$ 26,697,440 | \$ 22,954,838 | \$ 20,103,826 |
| Staff development | 238,403 | 291,112 | 213,364 |
| Facilities | 3,518,007 | 2,520,086 | 2,891,919 |
| Supplies | 2,454,776 | 3,047,786 | 2,353,205 |
| Travel | 1,023,937 | 983,064 | 807,524 |
| Contractual and consulting | 1,340,798 | 1,867,571 | 1,044,567 |
| Depreciation | 1,097,504 | 1,068,301 | 1,139,719 |
| Other | 590,879 | 328,017 | 338,719 |
| Interest expense | 380,065 | 354,073 | 347,537 |

Operating revenue is defined as the amount of revenue received from providing individual services. The vast majority of those funds are received from Medicaid. From 2023 to 2024, the Agency had an increase in operating revenue of approximately 25.57%. From 2024 to 2025, the Agency had a decrease in operating revenue of approximately 2.83%.

Operating expenses are comprised of the direct expenses of operating the Agency. These include salaries and benefits, occupancy, payments to contracting other agencies, and depreciation. From 2023 to 2024, operating expenses increased by approximately 12.81%. From 2024 to 2025, operating expenses increased by approximately 11.80%.

Nonoperating revenue is comprised of income received as appropriations or grants as well as miscellaneous income. For 2025, appropriations from the State of Virginia constitute approximately 38.54% of nonoperating revenue, while grants from the Federal Government and appropriations from local governments constitute approximately 9.96% and 8.97%, respectively.

From 2023 to 2024, nonoperating revenue increased by approximately 12.81%. From 2024 to 2025, nonoperating revenue increased by approximately 3.50%.

Financial Summary (Continued)

Cash Flows

A summary of the Agency's Statement of Cash Flows for 2025, 2024, and 2023 is presented as follows:

Condensed Statement of Cash Flows

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|---------------------|
| Net cash (used) by operating activities | \$ (25,614,289) | \$ (19,694,393) | \$ (18,209,430) |
| Net cash provided by noncapital financing activities | 25,050,161 | 22,217,769 | 19,766,390 |
| Net cash provided (used) by capital and financing activities | (2,525,863) | (2,265,371) | (1,652,747) |
| Net cash provided by investing activities | <u>26,792</u> | <u>21,376</u> | <u>12</u> |
| Net increase (decrease) in cash and cash equivalents | \$ (3,063,199) | \$ 279,381 | \$ (95,775) |
| Cash and cash equivalents, beginning of year | <u>9,178,144</u> | <u>8,898,763</u> | <u>8,994,538</u> |
| Cash and cash equivalents, end of year | <u>\$ 6,114,945</u> | <u>\$ 9,178,144</u> | <u>\$ 8,898,763</u> |

The above represents the actual changes (flows) in cash.

Cash flows from operating activities reconcile the operating (loss) recorded on the Statement of Revenues, Expenses, and Changes in Net Position to cash used by operating activities. In this process, the operating (loss) is decreased by the amount of any noncash transactions (i.e. depreciation) and adjusted for changes in assets and liabilities. Please see the Statement of Cash Flows for a full listing of these transactions.

Cash flows from noncapital financing activities are comprised of income received as appropriations or grants. Please see the Changes in Net Position discussion section above. Cash flows from capital and financing activities are comprised of capital assets purchased and sold by the Agency. Please see Note 5 for a summary of capital assets. Cash flows from investing activities are comprised of interest transactions and the purchase or sale of investments.

Economic Factors

Current economic factors which affected the Agency the most were conditions that continue to affect a large write-off of Medicaid accounts receivable which are due in part to changes in billing and collection procedures.

Future economic conditions will affect the Agency's net position. Future changes in various state regulations will affect how the Agency will provide its services. However, it is unclear at this time whether or not these future changes will have a positive or negative effect on the Agency's net position.

Capital Asset and Debt Administration

Capital Assets

The Agency's gross total of capital assets approximately consists of the following asset types at June 30:

| | <u>2025</u> | <u>2024</u> | <u>2023</u> |
|------------------------------------|-------------|-------------|-------------|
| Land | 7% | 8% | 8% |
| Construction in progress | 12% | 10% | 5% |
| Buildings and improvements | 69% | 72% | 73% |
| Subscription asset | 1% | 0% | 0% |
| Lease asset | 1% | 0% | 0% |
| Furniture, fixtures, and equipment | 2% | 3% | 3% |
| Vehicles | 8% | 7% | 11% |

Long-Term Obligations

The Agency received a Rural Development (FmHA) loan on July 5, 2016, with only interest payable until July 2017. The proceeds of the loan were used for the construction of the Bridges Consolidation Project. The outstanding balance owed on this loan was \$3,303,864 at June 30, 2025. Additional details of this loan are described in Note 9.

The Agency issued a public facility refunding mortgage bond in the amount of \$805,000 on August 28, 2015. The proceeds of the bond were used to pay in full all of the outstanding principal balance of the Agency's loan with Rural Development that was originally used to finance the purchase and renovation of the Agency's administrative offices. The outstanding balance of the bond issue was \$148,675 at June 30, 2025.

The Agency has two other loans with Rural Development for the construction of the Boxwood Treatment Facility. The balance owed on these loans was \$3,314,112 at June 30, 2025.

The Agency has a loan with a local bank dated January 17, 2019 secured by real estate at 6067 Dumfries Road, Warrenton, Virginia. The balance at June 30, 2025 was \$196,787.

The Agency has a loan with Fauquier County dated May 21, 2020 which was used to renovate a property owned by the County. The balance of the loan at June 30, 2025 was \$378,628.

The Agency has a loan dated September 14, 2022 which was used to purchase property. The balance of the loan at June 30, 2025 was \$1,189,189.

Additional details of long-term debt are described in Note 9.

Overall Summary

The Statement of Net Position reflects that on June 30, 2025, the Agency had 1.38 times more current assets than current liabilities.

The Statement of Revenues, Expenses, and Changes in Net Position reports that the net position of the Agency decreased by \$1,395,396 during 2025 as a result of operations.

The Statement of Cash Flows report that cash decreased by \$3,063,199 in 2025.

As stated above, the financial position of the Agency is measured in terms of resources (assets and deferred outflows) which are owned and obligations (liabilities and deferred inflows) which are owed on a given date. The Agency's liquidity displays a stable and secure financial position.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Statement of Net Position
At June 30, 2025
(With Comparative Totals for 2024)

| ASSETS | 2025 | 2024 |
|--|----------------------|----------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 4,448,843 | \$ 7,572,592 |
| Accounts receivable, less allowance for uncollectibles | 1,732,914 | 1,265,367 |
| Accrued revenue | 296,059 | 168,674 |
| Prepaid items | 302,517 | - |
| Total current assets | <u>\$ 6,780,333</u> | <u>\$ 9,006,633</u> |
| Restricted Assets: | | |
| Cash and cash equivalents | \$ 1,666,102 | \$ 1,605,552 |
| Capital Assets: | | |
| Property and equipment, less accumulated depreciation | \$ 22,782,220 | \$ 22,031,008 |
| Other Assets: | | |
| Net pension asset | \$ 12,921,700 | \$ 12,108,413 |
| Total assets | <u>\$ 44,150,355</u> | <u>\$ 44,751,606</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension related items | \$ 511,839 | \$ - |
| OPEB related items | 257,688 | 246,376 |
| Deferred charge on refunding | 8,974 | 11,884 |
| Total deferred outflows of resources | <u>\$ 778,501</u> | <u>\$ 258,260</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 2,803,242 | \$ 3,003,895 |
| Accrued interest | 10,960 | 11,267 |
| Unearned revenues | 1,385,231 | - |
| Subscription liability, current portion | 42,148 | 164,350 |
| Lease liability, current portion | 66,499 | - |
| Compensated absences | 138,675 | 1,431,478 |
| Loans payable, current portion | 399,043 | 213,373 |
| Bond payable, current portion | 67,560 | 65,391 |
| Total current liabilities | <u>\$ 4,913,358</u> | <u>\$ 4,889,754</u> |
| Liabilities Payable from Restricted Assets: | | |
| Accounts payable and accrued expenses | \$ 346,655 | \$ 145,306 |
| Tenant security deposits | 11,909 | 11,083 |
| Total liabilities payable from restricted assets | <u>\$ 358,564</u> | <u>\$ 156,389</u> |
| Long-term Liabilities: | | |
| Lease liability, less current portion | \$ 111,524 | \$ - |
| Compensated absences, less current portion | 1,248,077 | - |
| Subscription liability, net of current portion | - | 42,148 |
| Bond payable, net of current portion | 81,115 | 230,877 |
| Loans payable, net of current portion | 7,983,537 | 8,384,374 |
| Net OPEB liability | 684,953 | 731,821 |
| Total long-term liabilities | <u>\$ 10,109,206</u> | <u>\$ 9,389,220</u> |
| Total liabilities | <u>\$ 15,381,128</u> | <u>\$ 14,435,363</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension related items | \$ 1,423,476 | \$ 1,057,469 |
| OPEB related items | 110,540 | 107,926 |
| Total deferred inflows of resources | <u>\$ 1,534,016</u> | <u>\$ 1,165,395</u> |
| NET POSITION | | |
| Net investment in capital assets | \$ 14,039,768 | \$ 12,942,379 |
| Restricted | 12,921,700 | 12,108,413 |
| Unrestricted - board designated | 95,690 | 95,690 |
| Unrestricted | 956,554 | 4,262,626 |
| Total net position | <u>\$ 28,013,712</u> | <u>\$ 29,409,108</u> |

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

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Statement of Revenues, Expenses and Changes in Net Position
 Year Ended June 30, 2025
 (With Comparative Totals for 2024)

| | <u>2025</u> | <u>2024</u> |
|--|-----------------|-----------------|
| Operating revenue: | | |
| Net patient service revenue | \$ 11,995,463 | \$ 12,345,069 |
| Operating expenses: | | |
| Salaries and benefits | \$ 26,697,440 | \$ 22,954,838 |
| Staff development | 238,403 | 291,112 |
| Facilities | 3,518,007 | 2,520,086 |
| Supplies | 2,454,776 | 3,047,786 |
| Travel | 1,023,937 | 983,064 |
| Contractual and consulting | 1,340,798 | 1,867,571 |
| Depreciation | 1,097,504 | 1,068,301 |
| Other | 590,879 | 328,017 |
| Total operating expenses | \$ 36,961,744 | \$ 33,060,775 |
| Operating income (loss) | \$ (24,966,281) | \$ (20,715,706) |
| Nonoperating income (expense): | | |
| Appropriations from governments: | | |
| Commonwealth of Virginia | \$ 13,834,251 | \$ 13,818,305 |
| Federal government | 3,574,625 | 3,450,230 |
| Local governments | 3,221,325 | 2,654,575 |
| Other | 3,241,645 | 2,391,432 |
| Interest income | 26,792 | 21,376 |
| Interest expense | (380,065) | (354,073) |
| Gain (loss) on disposition of capital assets | 52,312 | 112,610 |
| Net nonoperating income (expense) | \$ 23,570,885 | \$ 22,094,455 |
| Change in net position | \$ (1,395,396) | \$ 1,378,749 |
| Net position, beginning of year | 29,409,108 | 28,030,359 |
| Net position, end of year | \$ 28,013,712 | \$ 29,409,108 |

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

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Statement of Cash Flows
Year Ended June 30, 2025
(With Comparative Totals for 2024)

| | <u>2025</u> | <u>2024</u> |
|---|------------------------|------------------------|
| Cash flows from operating activities: | | |
| Receipts from customers | \$ 11,527,916 | \$ 11,929,634 |
| Payments to suppliers | (9,149,861) | (7,320,731) |
| Payments to and for employees | (27,992,344) | (24,148,915) |
| Net cash provided by (used for) operating activities | <u>\$ (25,614,289)</u> | <u>\$ (19,540,012)</u> |
| Cash flows from noncapital financing activities: | | |
| Government grants | \$ 21,808,516 | \$ 19,826,337 |
| Other | 3,241,645 | 2,391,432 |
| Net cash provided by (used for) noncapital financing activities | <u>\$ 25,050,161</u> | <u>\$ 22,217,769</u> |
| Cash flows from capital and related financing activities: | | |
| Purchase of capital assets | \$ (1,857,719) | \$ (1,757,859) |
| Proceeds from sale of capital assets | 61,315 | 112,610 |
| Subscription liability | (164,350) | (154,381) |
| Lease liability | 178,023 | - |
| Principal payments on mortgages and loans payable | (362,760) | (265,768) |
| Interest expense | (380,372) | (354,354) |
| Net cash provided by (used for) capital and related financing activities | <u>\$ (2,525,863)</u> | <u>\$ (2,419,752)</u> |
| Cash flows from investing activities: | | |
| Interest income | \$ 26,792 | \$ 21,376 |
| Net increase (decrease) in cash and cash equivalents | <u>\$ (3,063,199)</u> | <u>\$ 279,381</u> |
| Cash and cash equivalents, beginning of year (including restricted cash of \$1,605,552) | <u>9,178,144</u> | <u>8,898,763</u> |
| Cash and cash equivalents, end of year (including restricted cash of \$1,666,102) | <u>\$ 6,114,945</u> | <u>\$ 9,178,144</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (24,966,281) | \$ (20,715,706) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation | 1,097,504 | 1,068,301 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | |
| (Increase)/decrease in: | | |
| Accounts receivable | (467,547) | (425,023) |
| Lease receivables | - | 9,588 |
| Prepaid items | (302,517) | 267,327 |
| Net pension asset | (813,287) | (413,099) |
| Deferred outflows of resources | (520,241) | 389,605 |
| Increase/(decrease) in: | | |
| Accounts payable and accrued expenses | 80,227 | 1,157,310 |
| Compensated absences | (44,726) | 265,388 |
| Net OPEB liability | (46,868) | 37,419 |
| Deferred inflows of resources | 368,621 | (1,182,278) |
| Other | 826 | 1,156 |
| Net cash provided by (used for) operating activities | <u>\$ (25,614,289)</u> | <u>\$ (19,540,012)</u> |
| Noncash capital and related financing activities: | | |
| Issuance of leases | <u>\$ 178,023</u> | <u>\$ -</u> |

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

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Statement of Fiduciary Net Position
Fiduciary Funds
At June 30, 2025

| | <u>Private-Purpose Trust Funds</u> |
|---------------------------|--|
| Assets | |
| Cash and cash equivalents | \$ <u>58,359</u> |
| Net Position | |
| Restricted: | |
| Client funds | \$ <u>58,359</u> |

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

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended June 30, 2025

| | <u>Private-Purpose Trust Funds</u> |
|---|--|
| Additions: | |
| Client funds income | \$ 266,762 |
| Interest income | 9 |
| Total additions | <u>\$ 266,771</u> |
| Deductions: | |
| Housing | \$ 154,673 |
| Client's personal use of funds | <u>120,174</u> |
| Total deductions | <u>\$ 274,847</u> |
| Net increase (decrease) in fiduciary net position | \$ (8,076) |
| Net position, beginning of the year | 66,435 |
| Net position, ending of the year | <u><u>\$ 58,359</u></u> |

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

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements June 30, 2025 and 2024

Note 1–Summary of Significant Accounting Policies

Description and Purpose of Agency

Rappahannock Rapidan Community Services (the Agency) operates as an agent for the Counties of Culpeper, Fauquier, Madison, Orange, and Rappahannock in the establishment and operation of community mental health, developmental disability and substance abuse programs as provided for in Chapter 10 of Title 37.1 of the Code of Virginia (1950), as amended, relating to the Virginia Department of Behavioral Health and Developmental Services. In addition, the Agency provides a system of community mental health, developmental disability and substance abuse services which relate to and are integrated with existing and planned programs. The Agency also serves as the local Area Agency on Aging, which provides programs and activities to senior persons under the Older Americans Act and other programs.

Financial Reporting Entity

For financial reporting purposes the Agency includes all organizations for which it is considered financially accountable.

Blended Component Units

Blended component units, although legally separate entities are, in substance, part of Rappahannock Rapidan Community Services' operations, and so data from these units are combined with data of the Agency. The Agency has the following blended component units:

The Orange Group Home Corporation, High Point Group Home Corporation, Canterbury Group Home Corporation, Rappahannock Elder Housing Corporation, and Developmental Housing Corporation have been included as part of the reporting entity. All of these entities are not-for-profit organizations exempt under Section 501(c)(3) of the Internal Revenue Code and were organized to own and operate facilities for handicapped individuals. The Agency's Board of Director's members also serve as a majority of the Board of Directors for these organizations.

Significant intercompany transactions and accounts have been eliminated in the financial statements. Separate financial statements for the individual component units may be obtained from the Agency's Finance Department.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Agency has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Agency has one type of 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.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements June 30, 2025 and 2024 (Continued)

Note 1–Summary of Significant Accounting Policies: (Continued)

Basis of Accounting

Rappahannock Rapidan Community Services is funded by federal, state, and local funds and fees. Its accounting policies are governed by applicable provisions of these grants and applicable pronouncements and publications of the grantors. The Agency utilizes the accrual basis of accounting where revenues are recorded when earned and expenses recorded when due.

Financial Statement Presentation

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

Enterprise Fund Accounting

The Agency 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 Agency utilizes the enterprise fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

Client funds are held in escrow for various participants in Agency programs. This fund consists of client bank accounts. This fund is reported as a private-purpose trust fund on the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

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.

Cash and Cash Equivalents

The Agency maintains cash accounts with financial institutions in accordance with the Virginia Security for Public Deposits Act of the Code of Virginia (1950) (the Act), as amended. The Act requires financial institutions to meet specific collateralization requirements. Cash and cash equivalents include investments in highly liquid financial instruments with an original maturity of three months or less from the date of acquisition.

Investments

Investments are reported at fair value.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from individuals, 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.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements June 30, 2025 and 2024 (Continued)

Note 1–Summary of Significant Accounting Policies: (Continued)

Financial Assistance

The Agency 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 individual's ability to pay. The Agency has established procedures for granting financial assistance in cases of hardship. The granting of financial assistance results in a substantial reduction and/or elimination of charges to individuals. Because the Agency does not pursue the collection of amounts determined to qualify for financial assistance, they are not reported as revenue.

The vast majority of fees collected result from Medicaid billings.

Capital Assets

Capital asset acquisitions with a cost of \$5,000 or more are capitalized and are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets (or life of the associated contract for lease and subscription assets) ranging from 5 to 39 years and is computed using the straight-line method. Donated capital assets are recorded at their estimated fair market value at the time of the gift. Depreciation expense for the years ended June 30, 2025 and 2024, was \$1,097,504 and \$1,068,301, respectively.

Restricted Assets

The Agency segregates monies held on behalf of third parties, restricted donations, and grants which have not yet been totally expended for their intended purposes.

Compensated Absences

The Agency recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, one type of leave qualifies for liability recognition for compensated absences - paid time off leave. The liability for compensated absences is reported as incurred in the financial statements and includes salary-related benefits, where applicable.

Budgetary Accounting

The Agency 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 Agency submits a Performance Contract to the Department. This application contains complete budgets for all Core Services.
2. The Agency's Performance Contract is 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 following the end of the fiscal year, unless extended.
3. If any changes are made during the fiscal year in state or federal block grants or local match funds, the Agency submits Performance Contract revisions which reflect these changes in time to be received by the Department by required deadlines.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements June 30, 2025 and 2024 (Continued)

Note 1–Summary of Significant Accounting Policies: (Continued)

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, investments and other income. Nonoperating expenses are defined as noncapital related financing and other expenses.

Net Position

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 Agency 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 Agency's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Rental Income

The component unit organizations receive rental income from tenants eligible for certain U.S. Department of Housing and Urban Development (HUD) programs. Tenant lease agreements are generally for one-year terms and rental income is recorded when earned. This revenue is reported in other nonoperating income for financial reporting.

Fiscal Agent

The Agency serves as its own fiscal agent.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements June 30, 2025 and 2024 (Continued)

Note 1–Summary of Significant Accounting Policies: (Continued)

Pension Plan

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

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

Leases and Subscription-Based IT Arrangements

Rappahannock Rapidan Community Services has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessor

The Agency recognizes leases receivable and deferred inflows of resources. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Lessee

The Agency recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate, in the government-wide financial statements. 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). Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements June 30, 2025 and 2024 (Continued)

Note 1–Summary of Significant Accounting Policies: (Continued)

Leases and Subscription-Based IT Arrangements: (Continued)

Subscriptions

The Agency recognizes intangible right-to-use subscription assets (subscription assets) and corresponding subscription liabilities with an initial value of \$3,500, individually or in the aggregate, in the government-wide financial statements. At the commencement of the subscription, the subscription liability is measured at the present value of payments expected to be made during the subscription liability term (less any contract incentives). Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Subsequently, the subscription asset is amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Key Estimates and Judgments

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

- The Agency uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Agency uses its estimated incremental borrowing rate as the discount rate for lease and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable, lease liability or subscription liability.

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

Note 2–Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) Section 2.2-4400 et. Seq. of the Code of Virginia (1950), as amended. 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.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

**Notes to Financial Statements
June 30, 2025 and 2024 (Continued)**

Note 2–Deposits and Investments: (Continued)

Restricted Cash Funds

Restricted cash consists of debt reserve funds and amounts held by component unit organizations which are restricted for allowable HUD program activities. A summary of these amounts are as follows:

| | <u>2025</u> | <u>2024</u> |
|--------------------------------------|---------------------|---------------------|
| Restricted cash and cash equivalents | | |
| Debt reserve funds | \$ 1,276,254 | \$ 1,276,189 |
| HUD programs | 389,848 | 329,363 |
| Total cash and cash equivalents | <u>\$ 1,666,102</u> | <u>\$ 1,605,552</u> |

Investments

Statutes authorize the Agency 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 and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Cash and Cash Equivalents

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Reconciliation of cash and cash equivalents | | |
| Cash on hand | \$ 8,175 | \$ 8,175 |
| Cash on deposit with banks | 6,106,770 | 9,169,969 |
| Total cash and cash equivalents | <u>\$ 6,114,945</u> | <u>\$ 9,178,144</u> |

Note 3–Accounts Receivable and Accrued Revenue

At June 30, 2025 and 2024, the Agency had accounts receivable and accrued revenue due, net of allowance for uncollectible accounts of \$346,807 and \$620,016, respectively, from the following primary sources:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Virginia Dept. of Medical Assistance Services (Medicaid) | \$ 1,301,802 | \$ 698,859 |
| Direct individual, third party, and other | 58,053 | 231,795 |
| Other | 373,059 | 334,713 |
| Total | <u>\$ 1,732,914</u> | <u>\$ 1,265,367</u> |

Other than the amounts due for Medicaid charges, there are no other individually significant sources of receivables.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 4—Prepaid Items

Prepaid items consist of the following at June 30:

| | <u>2025</u> | <u>2024</u> |
|-------------------------|-------------------|-------------|
| Prepayment of insurance | \$ 156,150 | \$ - |
| Service contracts | 146,367 | - |
| Total | <u>\$ 302,517</u> | <u>\$ -</u> |

Note 5—Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2025:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-------------------|---------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 2,363,362 | \$ - | \$ - | \$ 2,363,362 |
| Construction in progress | 3,253,706 | 898,404 | - | 4,152,110 |
| Total capital assets not being depreciated | <u>\$ 5,617,068</u> | <u>\$ 898,404</u> | <u>\$ -</u> | <u>\$ 6,515,472</u> |
| Capital assets being depreciated | | | | |
| Buildings and improvements | \$ 23,370,189 | \$ 347,295 | \$ 23,577 | \$ 23,693,907 |
| Furniture, fixtures, and equipment | 853,331 | 35,062 | 115,561 | 772,832 |
| Subscription asset | 471,955 | - | - | 471,955 |
| Lease building | - | 205,446 | - | 205,446 |
| Vehicles | 2,365,364 | 371,512 | 164,502 | 2,572,374 |
| Total capital assets being depreciated | <u>\$ 27,060,839</u> | <u>\$ 959,315</u> | <u>\$ 303,640</u> | <u>\$ 27,716,514</u> |
| Accumulated depreciation | | | | |
| Buildings and improvements | \$ 7,632,436 | \$ 696,487 | \$ 23,577 | \$ 8,305,346 |
| Furniture, fixtures, and equipment | 659,662 | 77,299 | 115,561 | 621,400 |
| Subscription asset | 235,978 | 157,318 | - | 393,296 |
| Lease building | - | 27,981 | - | 27,981 |
| Vehicles | 2,118,823 | 138,419 | 155,499 | 2,101,743 |
| Total accumulated depreciation | <u>\$ 10,646,899</u> | <u>\$ 1,097,504</u> | <u>\$ 294,637</u> | <u>\$ 11,449,766</u> |
| Net capital assets being depreciated | <u>\$ 16,413,940</u> | <u>\$ (138,189)</u> | <u>\$ 9,003</u> | <u>\$ 16,266,748</u> |
| Total net capital assets | <u>\$ 22,031,008</u> | <u>\$ 760,215</u> | <u>\$ 9,003</u> | <u>\$ 22,782,220</u> |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements June 30, 2025 and 2024 (Continued)

Note 6—Compensated Absences

The Agency's employees earn leave based on length of service. The Agency has outstanding compensated absences totaling \$1,386,752 and \$1,431,478 at June 30, 2025 and 2024, respectively. All amounts for accrued leave are considered to be current liabilities.

Note 7—Pension Plan

Plan Description

All full-time, salaried permanent employees of the Agency 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.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 7—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

| | <u>Number</u> |
|--|-------------------|
| Inactive members or their beneficiaries currently receiving benefits | 177 |
| Inactive members: | |
| Vested inactive members | 73 |
| Non-vested inactive members | 283 |
| Inactive members active elsewhere in VRS | <u>110</u> |
| Total inactive members | 466 |
| Active members | <u>297</u> |
| Total covered employees | <u><u>940</u></u> |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 7–Pension Plan: (Continued)

Contributions

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

The Agency’s contractually required employer contribution rate for the year ended June 30, 2025 was 0.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 Agency were \$0 and \$0 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$124,118 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$94,443 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$12,411,802 for the year ended June 30, 2025.

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 Agency, the net pension asset was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Agency’s Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

| | |
|---------------------------------------|---|
| 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 |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

**Notes to Financial Statements
June 30, 2025 and 2024 (Continued)**

Note 7–Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates:

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

Pre-Retirement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 7–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:

| <u>Asset Class (Strategy)</u> | <u>Long-Term Target Asset Allocation</u> | <u>Arithmetic Long-term Expected Rate of Return</u> | <u>Weighted Average Long-term Expected Rate of Return*</u> |
|---------------------------------------|--|---|--|
| Public Equity | 32.00% | 6.70% | 2.14% |
| Fixed Income | 16.00% | 5.40% | 0.86% |
| Credit Strategies | 16.00% | 8.10% | 1.30% |
| Real Assets | 15.00% | 7.20% | 1.08% |
| Private Equity | 15.00% | 8.70% | 1.31% |
| PIP - Private Investment Partnerships | 1.00% | 8.00% | 0.08% |
| Diversifying Strategies | 6.00% | 5.80% | 0.35% |
| Cash | 2.00% | 3.00% | 0.06% |
| Leverage | -3.00% | 3.50% | -0.11% |
| | | | |
| Total | <u>100.00%</u> | | <u>7.07%</u> |
| | | Expected arithmetic nominal return** | <u>7.07%</u> |

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 7—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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 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

| | <u>Increase (Decrease)</u> | | |
|---|--|--|--|
| | <u>Total Pension Liability (a)</u> | <u>Plan Fiduciary Net Position (b)</u> | <u>Net Pension Liability (Asset) (a) - (b)</u> |
| Balances at June 30, 2023 | \$ 37,515,213 | \$ 49,623,626 | \$ (12,108,413) |
| Changes for the year: | | | |
| Service cost | \$ 1,138,058 | \$ - | \$ 1,138,058 |
| Interest | 2,538,556 | - | 2,538,556 |
| Differences between expected and actual experience | 941,956 | - | 941,956 |
| Contributions - employee | - | 693,211 | (693,211) |
| Net investment income | - | 4,770,402 | (4,770,402) |
| Benefit payments, including refunds | (2,090,077) | (2,090,077) | - |
| Administrative expenses | - | (32,434) | 32,434 |
| Other changes | - | 678 | (678) |
| Net changes | <u>\$ 2,528,493</u> | <u>\$ 3,341,780</u> | <u>\$ (813,287)</u> |
| Balances at June 30, 2024 | <u>\$ 40,043,706</u> | <u>\$ 52,965,406</u> | <u>\$ (12,921,700)</u> |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 7–Pension Plan: (Continued)

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

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

| | Rate | | |
|-------------------------------|----------------|------------------|-----------------|
| | 1% Decrease | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| Agency's | | | |
| Net Pension Liability (Asset) | \$ (8,179,987) | \$ (12,921,700) | \$ (16,794,089) |

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

For the year ended June 30, 2025, the Agency recognized pension expense of \$(959,119). At June 30, 2025, the Agency 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 | \$ 511,839 | \$ 22,420 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,401,056 |
| Total | \$ 511,839 | \$ 1,423,476 |

\$0 reported as deferred outflows of resources related to pensions resulting from the Agency’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, 2026. 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 | |
|--------------------|--------------|
| 2026 | \$ (825,387) |
| 2027 | 476,244 |
| 2028 | (268,691) |
| 2029 | (293,803) |
| 2030 | - |
| Thereafter | - |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements June 30, 2025 and 2024 (Continued)

Note 7–Pension Plan: (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 8–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.

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

Note 8–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% 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, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$88,140 and \$85,102 for the years ended June 30, 2025 and June 30, 2024, 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, 2025, the entity reported a liability of \$684,953 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer’s proportion was .06138% as compared to .06102% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$32,575. 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.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 8—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)

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 108,033 | \$ 16,731 |
| Net difference between projected and actual earnings on GLI OPEB plan investments | - | 57,734 |
| Change in assumptions | 3,904 | 33,945 |
| Changes in proportionate share | 57,611 | 2,130 |
| Employer contributions subsequent to the measurement date | <u>88,140</u> | <u>-</u> |
| Total | <u>\$ 257,688</u> | <u>\$ 110,540</u> |

\$88,140 was 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> | |
|---------------------------|-------------|
| 2026 | \$ (12,424) |
| 2027 | 30,846 |
| 2028 | 13,978 |
| 2029 | 15,316 |
| 2030 | 11,292 |
| Thereafter | - |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 8–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, 2023, 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, 2024. 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

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 8–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

| | |
|--|---------------------------------|
| | GLI OPEB Plan |
| | <hr/> |
| Total GLI OPEB Liability | \$ 4,196,055 |
| Plan Fiduciary Net Position | 3,080,133 |
| GLI Net OPEB Liability (Asset) | <hr/> <u>\$ 1,115,922</u> <hr/> |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 73.41% |

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.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 8–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 | 32.00% | 6.70% | 2.14% |
| Fixed Income | 16.00% | 5.40% | 0.86% |
| Credit Strategies | 16.00% | 8.10% | 1.30% |
| Real Assets | 15.00% | 7.20% | 1.08% |
| Private Equity | 15.00% | 8.70% | 1.31% |
| PIP - Private Investment Partnerships | 1.00% | 8.00% | 0.08% |
| Diversifying Strategies | 6.00% | 5.80% | 0.35% |
| Cash | 2.00% | 3.00% | 0.06% |
| Leverage | -3.00% | 3.50% | -0.11% |
| Total | 100.00% | | 7.07% |
| | | Expected arithmetic nominal return** | 7.07% |

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

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, 2024, 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

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 8–Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate (Continued)

which was 113% of the actuarially determined contribution rate. From July 1, 2024 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 | Current Discount | 1% Increase |
| | (5.75%) | (6.75%) | (7.75%) |
| Agency's proportionate share of the GLI Plan Net OPEB Liability | \$ 1,065,191 | \$ 684,953 | \$ 377,771 |

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 9–Long-Term Obligations:

Summary of Changes in Long-Term Obligations

| | Loans Payable | Bond Payable | Subscription Liability | Lease Liability | Net OPEB Liability | Compensated Absences |
|----------------------------|------------------|-----------------|---------------------------|--------------------|-----------------------|-------------------------|
| Balance at July 1, 2024 | \$ 8,597,747 | \$ 296,268 | \$ 206,498 | \$ - | \$ 731,821 | \$ 1,431,478 |
| Add: Issuances / additions | - | - | - | 178,023 | 310,049 | - |
| Deduct: Retirements | 215,167 | 147,593 | 164,350 | - | 356,917 | 44,726 |
| Balance at June 30, 2025 | \$ 8,382,580 | \$ 148,675 | \$ 42,148 | \$ 178,023 | \$ 684,953 | \$ 1,386,752 |
| Current Portion | \$ 399,043 | \$ 67,560 | \$ 42,148 | \$ 66,499 | \$ - | \$ 138,675 |

Additional detail for compensated absences is reported in Note 6.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 9—Long-Term Obligations: (Continued)

Debt service requirements to maturity are as follows:

| Year Ending June 30, | Subscription Liability | | Lease Liability | | Loans Payable | | Bond Payable | |
|-------------------------|------------------------|----------|-----------------|----------|---------------|--------------|--------------|-----------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | \$ 42,148 | \$ 189 | \$ 66,499 | \$ 2,956 | \$ 399,043 | \$ 308,668 | \$ 67,560 | \$ 6,460 |
| 2027 | - | - | 69,560 | 1,600 | 210,918 | 295,010 | 69,840 | 4,148 |
| 2028 | - | - | 41,964 | 280 | 1,319,431 | 246,694 | 11,275 | 2,625 |
| 2029 | - | - | - | - | 191,955 | 226,138 | - | - |
| 2030 | - | - | - | - | 199,041 | 219,051 | - | - |
| 2031-2035 | - | - | - | - | 1,111,494 | 978,969 | - | - |
| 2036-2040 | - | - | - | - | 1,334,864 | 755,594 | - | - |
| 2041-2045 | - | - | - | - | 1,437,431 | 497,749 | - | - |
| 2046-2050 | - | - | - | - | 1,308,963 | 217,851 | - | - |
| 2051-2055 | - | - | - | - | 721,920 | 71,940 | - | - |
| 2056 | - | - | - | - | 147,520 | 2,104 | - | - |
| Total | \$ 42,148 | \$ 189 | \$ 178,023 | \$ 4,836 | \$ 8,382,580 | \$ 3,819,768 | \$ 148,675 | \$ 13,233 |

The Agency is in compliance with applicable federal arbitrage regulations.

Details of Long-Term Obligations

| | <u>Total</u> | <u>Current Portion</u> |
|---|--------------|----------------------------|
| Subscription Liability | | |
| Subscription based IT arrangement for Credible with recurring monthly payments of \$13,174 beginning October 2022 through September 2025, interest at 2.79%. | \$ 42,148 | \$ 42,148 |
| Lease Liability | | |
| Lease liability for real property located at 33225 Constitution Highway, with recurring monthly payments of \$5,740 beginning February 2025 through December 2028, interest at 2.00%. | \$ 178,023 | \$ 66,499 |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements
June 30, 2025 and 2024 (Continued)

Note 9—Long-Term Obligations: (Continued)

Details of Long-Term Obligations (Continued)

| | <u>Total</u> | <u>Current Portion</u> |
|---|---------------------|----------------------------|
| Loans Payable | | |
| \$3,200,000 Rural Development (FmHA) loan dated April 30, 2009, interest only payable in April 2010 and 2011, with monthly installments of \$14,432 beginning in May 2011, which includes principal and interest through April 2049, interest at 4.375%, secured by real estate at 15511 Guinn Lane, Culpeper, Virginia | \$ 2,542,079 | \$ 62,864 |
| \$1,000,000 Rural Development (FmHA) loan dated April 30, 2009, interest only payable in April 2010 and 2011, with monthly installments of \$4,590 beginning in May 2011, which includes principal and interest through April 2049, interest at 4.50%, secured by real estate at 15511 Guinn Lane, Culpeper, Virginia | 772,033 | 21,139 |
| \$3,791,000 Rural Development (FmHA) loan dated July 5, 2016, interest only payable in July 2017, with monthly installments of \$13,231 beginning in August 2017, which includes principal and interest at 2.75%, secured by real estate at 13523 Beverly Ford Road, Elkwood, Virginia | 3,303,864 | 68,722 |
| \$295,000 Union loan dated January 17, 2019, with monthly installments of \$2,383 beginning February 2019, which includes principal and interest through January 2026, interest of 5.25%, secured by real estate at 6067 Dumfries Road, Warrenton, Virginia | 196,787 | 196,787 |
| \$458,333 loan dated May, 21, 2020, with monthly installments of \$2,588 beginning July 2020, which includes principal and interest through July 2040, interest of 3.20%, secured by real estate, owned by Fauquier County and leased by the Agency. | 378,628 | 19,514 |
| \$1,275,000 loan dated September 14, 2022, with monthly installments of \$7,320 beginning October 2022, which includes principal and interest through September 2027, interest of 4.75%, with a balloon payment due in September 2027, secured by real estate. | <u>1,189,189</u> | <u>30,017</u> |
| Total loans payable | <u>\$ 8,382,580</u> | <u>\$ 399,043</u> |
| Public Facility Refunding Mortgage Bond | | |
| In August 2015, \$805,000 public facility refunding mortgage bond (the bond) was issued, at an interest rate of 3.20%. The bond was issued to refund the \$1,230,000 Rural Development (FmHA) loan and to pay related administrative and financing costs. The bond is secured by real estate at 15361 Bradford Road, Culpeper, Virginia | <u>\$ 148,675</u> | <u>\$ 67,560</u> |
| Total | <u>\$ 8,751,426</u> | <u>\$ 575,250</u> |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements June 30, 2025 and 2024 (Continued)

Note 9—Long-Term Obligations: (Continued)

The difference between the refunding bond's issuance amount and the net carrying amount of the debt that was refunded, \$37,590, was reported as a deferred outflow of resources. Each year a portion of the deferred outflow of resources is reported as a component of interest expense. For the years ended June 30, 2025, and 2024, the amount reported as a deferred outflow of resources was \$8,974 and \$11,884, respectively, and the amount reported as a component of interest expense was \$2,910 for each year, respectively.

The bond's purchase agreement requires that the Agency maintain a certain debt service coverage ratio. As of June 30, 2025, and 2024, the Agency has met this requirement.

Note 10—Commitments and Contingencies

Federal programs in which the Agency participates were audited in accordance with the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Uniform Guidance. Pursuant to the provisions, all major programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

In 2017, the Department of Behavioral Health and Developmental Services (DBHDS) partnered with the Agency to address additional service and support needs in the continuum of care for individuals with developmental disabilities who also have co-occurring behavioral health needs. DBHDS awarded the Agency a total of \$3,000,000 solely for the development of the two group homes in Northern Virginia. If the Agency decides to convert the home(s) for an alternate use or sell within the first twenty years, they will be responsible for paying back a prorated amount for the remaining years, unless DBHDS has agreed to convert the building(s) for another use upon bilateral agreement. The Agency will retain title to the group homes.

The Agency has entered into a service agreement with a software company for their accounting software system. The software company retains all ownership and intellectual property rights to the software services. The term of the service agreement is seven years beginning September 1, 2016, unless earlier terminated. After August 31, 2023, the service agreement will renew automatically each year. The approximate cost per year of the service agreement unless terminated is \$94,000. However, the Agency may incur additional costs based on startup, service label, and other optional service items.

Note 11—Risk Management

The Agency insures its potential losses from property casualties, worker's compensation, directors and officers, and professional staff liability with various commercial insurance carriers. All of the policies have low deductible amounts. Automobile and general liability policies have \$5,000,000 insured limits. The directors and officers liability policy has a \$1,000,000 insured limit and the medical malpractice coverage has a \$2,400,000 insured limit. Property damage is insured to \$23,648,517. Worker's compensation claims are insured to \$1,000,000 per accident and \$1,000,000 for total disease coverage. The Agency does not require or carry surety bonds on its members. There were no settlements which exceeded insurance coverage in the last three fiscal years.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

**Notes to Financial Statements
June 30, 2025 and 2024 (Continued)**

Note 12–Contribution from Local Participating Governmental Units

The participating local governmental units’ appropriated funds for the Agency’s operations are as follows:

| | <u>2025</u> | <u>2024</u> |
|------------------------|---------------------|---------------------|
| County of Culpeper | \$ 912,018 | \$ 830,078 |
| County of Fauquier | 1,281,406 | 968,949 |
| County of Madison | 242,971 | 212,705 |
| County of Orange | 637,040 | 516,479 |
| County of Rappahannock | 130,944 | 110,225 |
| Town of Culpeper | 8,000 | 7,989 |
| Town of Warrenton | 6,000 | 5,700 |
| Town of Orange | 2,946 | 2,450 |
| Total | <u>\$ 3,221,325</u> | <u>\$ 2,654,575</u> |

Note 13–Net Patient Revenue Sources

Net patient revenues for 2025 and 2024 were from the following sources:

| | <u>2025</u> | <u>2024</u> |
|-----------------------|----------------------|----------------------|
| Medicaid | \$ 10,699,864 | \$ 10,179,971 |
| Direct individual | 175,326 | 314,009 |
| Third party and other | <u>1,120,273</u> | <u>1,851,089</u> |
| Total | <u>\$ 11,995,463</u> | <u>\$ 12,345,069</u> |

Note 14–Line of Credit

The Agency has a line of credit with a local bank in the amount of \$1,000,000. There were zero draws on the line of credit for the year ended June 30, 2025.

Note 15–Restricted Net Position

Net position is restricted for the following purposes:

| | <u>2025</u> | <u>2024</u> |
|-------------------------------|----------------------|----------------------|
| Pension plan | \$ 12,921,700 | \$ 12,108,413 |
| Total restricted net position | <u>\$ 12,921,700</u> | <u>\$ 12,108,413</u> |

The Board of Directors have designated funds for future capital improvements of the Agency. The balance of these funds at June 30, 2025 was \$95,690.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Financial Statements June 30, 2025 and 2024 (Continued)

Note 16–Upcoming Pronouncements

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update–2025*, effective for fiscal years beginning after June 15, 2025.

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

Note 17–Adoption of Accounting Principles

During the current year, the Board implemented GASB Statement No. 101, *Compensated Absences*. Since the impact of the change in accounting principle was not significant, there was no restatement of beginning balances.

- Required Supplementary Information -

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2015 through June 30, 2024

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|------------------------|------------------------|------------------------|------------------------|-----------------------|
| Total pension liability: | | | | | |
| Service cost | \$ 1,138,058 | \$ 1,054,035 | \$ 956,873 | \$ 940,365 | \$ 849,681 |
| Interest | 2,538,556 | 2,449,097 | 2,431,070 | 2,162,784 | 2,106,598 |
| Differences between expected and actual experience | 941,956 | (258,420) | (1,354,132) | 541,232 | (350,928) |
| Changes of assumptions | - | - | - | 1,243,609 | - |
| Benefit payments | (2,090,077) | (1,916,773) | (1,811,041) | (1,929,472) | (1,616,458) |
| Net change in total pension liability | \$ 2,528,493 | \$ 1,327,939 | \$ 222,770 | \$ 2,958,518 | \$ 988,893 |
| Total pension liability - beginning | 37,515,213 | 36,187,274 | 35,964,504 | 33,005,986 | 32,017,093 |
| Total pension liability - ending (a) | <u>\$ 40,043,706</u> | <u>\$ 37,515,213</u> | <u>\$ 36,187,274</u> | <u>\$ 35,964,504</u> | <u>\$ 33,005,986</u> |
| Plan fiduciary net position: | | | | | |
| Contributions - employer | \$ - | \$ - | \$ - | \$ - | \$ 41,817 |
| Contributions - employee | 693,211 | 625,634 | 550,980 | 511,517 | 492,919 |
| Net investment income | 4,770,402 | 3,061,925 | (37,904) | 10,780,776 | 765,899 |
| Benefit payments | (2,090,077) | (1,916,773) | (1,811,041) | (1,929,472) | (1,616,458) |
| Administrator charges | (32,434) | (30,916) | (30,800) | (27,480) | (26,431) |
| Other | 678 | 1,168 | 1,125 | 1,010 | (899) |
| Net change in plan fiduciary net position | \$ 3,341,780 | \$ 1,741,038 | \$ (1,327,640) | \$ 9,336,351 | \$ (343,153) |
| Plan fiduciary net position - beginning | 49,623,626 | 47,882,588 | 49,210,228 | 39,873,877 | 40,217,030 |
| Plan fiduciary net position - ending (b) | <u>\$ 52,965,406</u> | <u>\$ 49,623,626</u> | <u>\$ 47,882,588</u> | <u>\$ 49,210,228</u> | <u>\$ 39,873,877</u> |
| Agency's net pension liability (asset) - ending (a) - (b) | <u>\$ (12,921,700)</u> | <u>\$ (12,108,413)</u> | <u>\$ (11,695,314)</u> | <u>\$ (13,245,724)</u> | <u>\$ (6,867,891)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 132.27% | 132.28% | 132.32% | 136.83% | 120.81% |
| Covered payroll | \$ 15,768,406 | \$ 14,361,209 | \$ 12,545,714 | \$ 11,818,098 | \$ 11,508,066 |
| Agency's net pension liability (asset) as a percentage of covered payroll | -81.95% | -84.31% | -93.22% | -112.08% | -59.68% |

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|----|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ | 818,960 | \$ 856,857 | \$ 901,142 | \$ 966,693 | \$ 974,294 |
| | 2,018,919 | 1,943,185 | 1,919,004 | 1,823,011 | 1,727,947 |
| | 126,448 | (381,868) | (729,560) | (202,372) | (380,143) |
| | 886,904 | - | (376,797) | - | - |
| | (1,351,667) | (1,320,860) | (1,415,840) | (1,016,168) | (911,895) |
| \$ | 2,499,564 | \$ 1,097,314 | \$ 297,949 | \$ 1,571,164 | \$ 1,410,203 |
| | 29,517,529 | 28,420,215 | 28,122,266 | 26,551,102 | 25,140,899 |
| \$ | <u>32,017,093</u> | <u>29,517,529</u> | <u>28,420,215</u> | <u>28,122,266</u> | <u>26,551,102</u> |
| \$ | 1,205 | \$ 52,986 | \$ 60,304 | \$ 315,865 | \$ 322,538 |
| | 479,754 | 484,223 | 673,999 | 501,632 | 491,619 |
| | 2,551,515 | 2,699,308 | 4,053,758 | 577,080 | 1,455,520 |
| | (1,351,667) | (1,320,860) | (1,415,840) | (1,016,168) | (911,895) |
| | (25,560) | (23,489) | (23,673) | (20,435) | (19,736) |
| | (1,605) | (2,393) | (3,584) | (244) | (307) |
| \$ | 1,653,642 | \$ 1,889,775 | \$ 3,344,964 | \$ 357,730 | \$ 1,337,739 |
| | 38,563,388 | 36,673,613 | 33,328,649 | 32,970,919 | 31,633,180 |
| \$ | <u>40,217,030</u> | <u>38,563,388</u> | <u>36,673,613</u> | <u>33,328,649</u> | <u>32,970,919</u> |
| \$ | <u>(8,199,937)</u> | <u>(9,045,859)</u> | <u>(8,253,398)</u> | <u>(5,206,383)</u> | <u>(6,419,817)</u> |
| | 125.61% | 130.65% | 129.04% | 118.51% | 124.18% |
| \$ | 10,525,578 | \$ 10,143,368 | \$ 10,229,478 | \$ 10,179,505 | \$ 10,043,691 |
| | -77.90% | -89.18% | -80.68% | -51.15% | -63.92% |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Schedule of Employer Contributions

Pension Plan

Years Ended June 30, 2016 through June 30, 2025

| <u>Date</u> | <u>Contractually Required Contribution (1)*</u> | <u>Contributions in Relation to Contractually Required Contribution (2)*</u> | <u>Contribution Deficiency (Excess) (3)</u> | <u>Employer's Covered Payroll (4)</u> | <u>Contributions as a % of Covered Payroll (5)</u> |
|-------------|---|--|---|---|--|
| 2025 | \$ - | \$ - | \$ - | \$ 18,725,497 | 0.00% |
| 2024 | - | - | - | 15,768,406 | 0.00% |
| 2023 | 180,970 | 180,970 | - | 14,361,209 | 1.26% |
| 2022 | - | - | - | 12,545,714 | 0.00% |
| 2021 | - | - | - | 11,818,098 | 0.00% |
| 2020 | - | - | - | 11,508,066 | 0.00% |
| 2019 | 1,205 | 1,205 | - | 10,525,578 | 0.01% |
| 2018 | 52,908 | 52,908 | - | 10,143,368 | 0.52% |
| 2017 | 60,304 | 60,304 | - | 10,229,478 | 0.59% |
| 2016 | 315,865 | 315,865 | - | 10,179,505 | 3.10% |

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

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Required Supplementary Information
Pension Plan
Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Schedule of Agency's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2024

| Date | Employer's Proportion of the Net GLI OPEB Liability (Asset) | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) | Employer's Covered Payroll | Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) | Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6) |
|-------------|--|---|-----------------------------------|--|--|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 2024 | 0.0614% \$ | 684,953 \$ | 15,759,579 | 4.35% | 73.41% |
| 2023 | 0.0610% | 731,821 | 14,373,366 | 5.09% | 69.30% |
| 2022 | 0.0577% | 694,402 | 12,545,714 | 5.53% | 67.21% |
| 2021 | 0.0559% | 651,293 | 11,548,798 | 5.64% | 67.45% |
| 2020 | 0.0534% | 891,159 | 11,508,066 | 7.74% | 52.64% |
| 2019 | 0.0539% | 877,748 | 10,525,578 | 8.34% | 52.00% |
| 2018 | 0.0536% | 814,000 | 10,143,368 | 8.02% | 51.22% |
| 2017 | 0.0561% | 845,000 | 10,229,478 | 8.26% | 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.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

Years Ended June 30, 2018 through June 30, 2025

| <u>Date</u> | <u>Contractually Required Contribution (1)</u> | <u>Contributions in Relation to Contractually Required Contribution (2)</u> | <u>Contribution Deficiency (Excess) (3)</u> | <u>Employer's Covered Payroll (4)</u> | <u>Contributions as a % of Covered Payroll (5)</u> |
|-------------|--|---|---|---|--|
| 2025 | \$ 88,140 | \$ 88,140 | \$ - | \$ 18,753,293 | 0.47% |
| 2024 | 85,102 | 85,102 | - | 15,759,579 | 0.54% |
| 2023 | 77,616 | 77,616 | - | 14,373,366 | 0.54% |
| 2022 | 67,747 | 67,747 | - | 12,545,714 | 0.54% |
| 2021 | 62,364 | 62,364 | - | 11,548,798 | 0.54% |
| 2020 | 41,817 | 41,817 | - | 11,508,066 | 0.36% |
| 2019 | 42,015 | 42,015 | - | 10,525,578 | 0.40% |
| 2018 | 54,000 | 54,000 | - | 10,143,368 | 0.53% |

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, additional years will be included as they become available.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
Year Ended June 30, 2025

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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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

- **Other Supplementary Information** -

Combining Financial Statements

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Combining Statement of Net Position
At June 30, 2025

| | Rappahannock Rapidan Community Services | Orange Group Home Corporation | High Point Group Home Corporation |
|--|---|--|--|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 4,448,843 | \$ - | \$ - |
| Accounts receivable, less allowance for uncollectibles | 1,732,914 | - | - |
| Accrued revenue | 699,396 | - | - |
| Prepaid items | 302,517 | - | - |
| Total current assets | <u>\$ 7,183,670</u> | <u>\$ -</u> | <u>\$ -</u> |
| Restricted Assets: | | | |
| Cash and cash equivalents | \$ 1,276,254 | \$ 27,028 | \$ 27,592 |
| Capital Assets: | | | |
| Property and equipment, less accumulated depreciation | \$ 20,810,878 | \$ 92,864 | \$ 132,973 |
| Other Assets: | | | |
| Net pension asset | \$ 12,921,700 | \$ - | \$ - |
| Total assets | <u>\$ 42,192,502</u> | <u>\$ 119,892</u> | <u>\$ 160,565</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related items | \$ 511,839 | \$ - | \$ - |
| OPEB related items | 257,688 | - | - |
| Deferred charge on refunding | 8,974 | - | - |
| Total deferred outflows of resources | <u>\$ 778,501</u> | <u>\$ -</u> | <u>\$ -</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable and accrued expenses | \$ 2,803,242 | \$ - | \$ - |
| Accrued interest | 10,960 | - | - |
| Deferred revenue | 1,385,231 | - | - |
| Subscription liability, current portion | 42,148 | - | - |
| Lease liability, current portion | 66,499 | - | - |
| Compensated absences, current portion | 138,675 | - | - |
| Loans payable, current portion | 399,043 | - | - |
| Bond payable, current portion | 67,560 | - | - |
| Total current liabilities | <u>\$ 4,913,358</u> | <u>\$ -</u> | <u>\$ -</u> |
| Liabilities Payable from Restricted Assets: | | | |
| Accounts payable and accrued expenses | \$ - | \$ 129,358 | \$ 127,458 |
| Tenant security deposits | - | 522 | 1,095 |
| Total liabilities payable from restricted assets | <u>\$ -</u> | <u>\$ 129,880</u> | <u>\$ 128,553</u> |
| Long-term Liabilities: | | | |
| Lease liability, less current portion | \$ 111,524 | \$ - | \$ - |
| Compensated absences, less current portion | 1,248,077 | - | - |
| Loans payable, less current portion | 7,983,537 | - | - |
| Bond payable, less current portion | 81,115 | - | - |
| Net OPEB liability | 684,953 | - | - |
| Total long-term liabilities | <u>\$ 10,109,206</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total liabilities | <u>\$ 15,022,564</u> | <u>\$ 129,880</u> | <u>\$ 128,553</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related items | \$ 1,423,476 | \$ - | \$ - |
| OPEB related items | 110,540 | - | - |
| Total deferred inflows of resources | <u>\$ 1,534,016</u> | <u>\$ -</u> | <u>\$ -</u> |
| NET POSITION | | | |
| Net investment in capital assets | \$ 12,068,426 | \$ 92,864 | \$ 132,973 |
| Restricted | 12,921,700 | - | - |
| Board designated | 95,690 | - | - |
| Unrestricted (deficit) | 1,328,607 | (102,852) | (100,961) |
| Total net position | <u>\$ 26,414,423</u> | <u>\$ (9,988)</u> | <u>\$ 32,012</u> |

| Canterbury Group Home Corporation | Rappahannock Elder Housing Corporation | Developmental Housing Corporation | Intercompany Eliminations | Total |
|--|---|---|------------------------------|---------------|
| \$ - | \$ - | \$ - | \$ - | \$ 4,448,843 |
| - | - | - | - | 1,732,914 |
| - | - | - | (403,337) | 296,059 |
| - | - | - | - | 302,517 |
| \$ - | \$ - | \$ - | \$ (403,337) | \$ 6,780,333 |
| \$ 37,374 | \$ 271,665 | \$ 26,189 | \$ - | \$ 1,666,102 |
| \$ 133,363 | \$ 1,189,177 | \$ 422,965 | \$ - | \$ 22,782,220 |
| \$ - | \$ - | \$ - | \$ - | \$ 12,921,700 |
| \$ 170,737 | \$ 1,460,842 | \$ 449,154 | \$ (403,337) | \$ 44,150,355 |
| \$ - | \$ - | \$ - | \$ - | \$ 511,839 |
| - | - | - | - | 257,688 |
| - | - | - | - | 8,974 |
| \$ - | \$ - | \$ - | \$ - | \$ 778,501 |
| \$ - | \$ - | \$ - | \$ - | \$ 2,803,242 |
| - | - | - | - | 10,960 |
| - | - | - | - | 1,385,231 |
| - | - | - | - | 42,148 |
| - | - | - | - | 66,499 |
| - | - | - | - | 138,675 |
| - | - | - | - | 399,043 |
| - | - | - | - | 67,560 |
| \$ - | \$ - | \$ - | \$ - | \$ 4,913,358 |
| \$ 128,179 | \$ 236,327 | \$ 128,670 | \$ (403,337) | \$ 346,655 |
| 903 | 7,536 | 1,853 | - | 11,909 |
| \$ 129,082 | \$ 243,863 | \$ 130,523 | \$ (403,337) | \$ 358,564 |
| \$ - | \$ - | \$ - | \$ - | \$ 111,524 |
| - | - | - | - | 1,248,077 |
| - | - | - | - | 7,983,537 |
| - | - | - | - | 81,115 |
| - | - | - | - | 684,953 |
| \$ - | \$ - | \$ - | \$ - | \$ 10,109,206 |
| \$ 129,082 | \$ 243,863 | \$ 130,523 | \$ (403,337) | \$ 15,381,128 |
| \$ - | \$ - | \$ - | \$ - | \$ 1,423,476 |
| - | - | - | - | 110,540 |
| \$ - | \$ - | \$ - | \$ - | \$ 1,534,016 |
| \$ 133,363 | \$ 1,189,177 | \$ 422,965 | \$ - | \$ 14,039,768 |
| - | - | - | - | 12,921,700 |
| - | - | - | - | 95,690 |
| (91,708) | 27,802 | (104,334) | - | 956,554 |
| \$ 41,655 | \$ 1,216,979 | \$ 318,631 | \$ - | \$ 28,013,712 |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2025

| | Rappahannock Rapidan Community Services | Orange Group Home Corporation | High Point Group Home Corporation |
|--|---|--|--|
| Operating revenue: | | | |
| Net patient service revenue | \$ 11,995,463 | \$ - | \$ - |
| Operating expenses: | | | |
| Salaries and benefits | \$ 26,697,440 | \$ - | \$ - |
| Staff development | 238,403 | - | - |
| Facilities | 3,146,215 | 59,765 | 59,584 |
| Supplies | 2,454,776 | - | - |
| Travel | 1,023,937 | - | - |
| Contractual and consulting | 1,340,798 | - | - |
| Depreciation | 999,812 | 7,147 | 8,015 |
| Other | 590,879 | - | - |
| Total operating expenses | \$ 36,492,260 | \$ 66,912 | \$ 67,599 |
| Operating income (loss) | \$ (24,496,797) | \$ (66,912) | \$ (67,599) |
| Nonoperating income (expense): | | | |
| Appropriations from governments: | | | |
| Commonwealth of Virginia | \$ 13,834,251 | \$ - | \$ - |
| Federal government | 3,574,625 | - | - |
| Local governments | 3,221,325 | - | - |
| Other | 3,091,082 | 17,957 | 14,008 |
| Interest income | 26,784 | 1 | 1 |
| Interest expense | (380,065) | - | - |
| Gain (loss) on disposition of capital assets | 52,312 | - | - |
| Net nonoperating income (expense) | \$ 23,420,314 | \$ 17,958 | \$ 14,009 |
| Change in net position | \$ (1,076,483) | \$ (48,954) | \$ (53,590) |
| Net position, beginning of year | 27,490,906 | 38,966 | 85,602 |
| Net position, end of year | \$ 26,414,423 | \$ (9,988) | \$ 32,012 |

| Canterbury Group Home Corporation | Rappahannock Elder Housing Corporation | Developmental Housing Corporation | Intercompany Eliminations | Total |
|--|---|---|------------------------------|-----------------|
| \$ - | \$ - | \$ - | \$ - | \$ 11,995,463 |
| \$ - | \$ - | \$ - | \$ - | \$ 26,697,440 |
| - | - | - | - | 238,403 |
| 74,443 | 105,406 | 72,594 | - | 3,518,007 |
| - | - | - | - | 2,454,776 |
| - | - | - | - | 1,023,937 |
| - | - | - | - | 1,340,798 |
| 7,055 | 56,750 | 18,725 | - | 1,097,504 |
| - | - | - | - | 590,879 |
| \$ 81,498 | \$ 162,156 | \$ 91,319 | \$ - | \$ 36,961,744 |
| \$ (81,498) | \$ (162,156) | \$ (91,319) | \$ - | \$ (24,966,281) |
| \$ - | \$ - | \$ - | \$ - | \$ 13,834,251 |
| - | - | - | - | 3,574,625 |
| - | - | - | - | 3,221,325 |
| 11,767 | 92,118 | 14,713 | - | 3,241,645 |
| 1 | 4 | 1 | - | 26,792 |
| - | - | - | - | (380,065) |
| - | - | - | - | 52,312 |
| \$ 11,768 | \$ 92,122 | \$ 14,714 | \$ - | \$ 23,570,885 |
| \$ (69,730) | \$ (70,034) | \$ (76,605) | \$ - | \$ (1,395,396) |
| 111,385 | 1,287,013 | 395,236 | - | 29,409,108 |
| \$ 41,655 | \$ 1,216,979 | \$ 318,631 | \$ - | \$ 28,013,712 |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Combining Statement of Cash Flows
Year Ended June 30, 2025

| | Rappahannock Rapidan Community Services | Orange Group Home Corporation | High Point Group Home Corporation |
|---|---|--|--|
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ 11,527,916 | \$ - | - |
| Payments to suppliers | (9,059,775) | (14,626) | (13,412) |
| Payments to and for employees | (27,992,344) | - | - |
| Net cash provided by (used for) operating activities | <u>\$ (25,524,203)</u> | <u>\$ (14,626)</u> | <u>\$ (13,412)</u> |
| Cash flows from noncapital financing activities: | | | |
| Government grants | \$ 21,808,516 | \$ - | - |
| Other | 3,091,082 | 17,957 | 14,008 |
| Net cash provided by (used for) noncapital financing activities | <u>\$ 24,899,598</u> | <u>\$ 17,957</u> | <u>\$ 14,008</u> |
| Cash flows from capital and related financing activities: | | | |
| Purchase of capital assets | \$ (1,857,719) | \$ - | - |
| Proceeds from sale of capital assets | 61,315 | - | - |
| Subscription liability | (164,350) | - | - |
| Lease liability | 178,023 | - | - |
| Principal payments on mortgages and loans payable | (362,760) | - | - |
| Interest expense | (380,372) | - | - |
| Net cash provided by (used for) capital and related financing activities | <u>\$ (2,525,863)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Cash flows from investing activities: | | | |
| Interest income | \$ 26,784 | \$ 1 | \$ 1 |
| Net increase (decrease) in cash and cash equivalents | <u>\$ (3,123,684)</u> | <u>\$ 3,332</u> | <u>\$ 597</u> |
| Cash and cash equivalents, beginning of year (including restricted cash of \$1,605,552) | <u>8,848,781</u> | <u>23,696</u> | <u>26,995</u> |
| Cash and cash equivalents, end of year (including restricted cash of \$1,666,102) | <u>\$ 5,725,097</u> | <u>\$ 27,028</u> | <u>\$ 27,592</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Operating income (loss) | \$ (24,496,797) | \$ (66,912) | \$ (67,599) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation | 999,812 | 7,147 | 8,015 |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources: | | | |
| Accounts receivable | (467,547) | - | - |
| Prepaid items | (302,517) | - | - |
| Net pension asset | (813,287) | - | - |
| Deferred outflows of resources | (520,241) | - | - |
| Accounts payable and accrued expenses | (200,653) | 45,144 | 45,886 |
| Compensated absences | (44,726) | - | - |
| Net OPEB liabilities | (46,868) | - | - |
| Deferred inflows of resources | 368,621 | - | - |
| Other | - | (5) | 286 |
| Net cash provided by (used for) operating activities | <u>\$ (25,524,203)</u> | <u>\$ (14,626)</u> | <u>\$ (13,412)</u> |

| Canterbury Group Home Corporation | Rappahannock Elder Housing Corporation | Developmental Housing Corporation | Intercompany Eliminations | Total |
|--|---|---|------------------------------|------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 11,527,916 |
| (16,046) | (31,936) | (14,066) | - | (9,149,861) |
| - | - | - | - | (27,992,344) |
| <u>\$ (16,046)</u> | <u>\$ (31,936)</u> | <u>\$ (14,066)</u> | <u>\$ -</u> | <u>\$ (25,614,289)</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 21,808,516 |
| 11,767 | 92,118 | 14,713 | - | 3,241,645 |
| <u>\$ 11,767</u> | <u>\$ 92,118</u> | <u>\$ 14,713</u> | <u>\$ -</u> | <u>\$ 25,050,161</u> |
| \$ - | \$ - | \$ - | \$ - | \$ (1,857,719) |
| - | - | - | - | 61,315 |
| - | - | - | - | (164,350) |
| - | - | - | - | 178,023 |
| - | - | - | - | (362,760) |
| - | - | - | - | (380,372) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (2,525,863)</u> |
| \$ 1 | \$ 4 | \$ 1 | \$ - | \$ 26,792 |
| \$ (4,278) | \$ 60,186 | \$ 648 | \$ - | \$ (3,063,199) |
| <u>41,652</u> | <u>211,479</u> | <u>25,541</u> | <u>-</u> | <u>9,178,144</u> |
| <u>\$ 37,374</u> | <u>\$ 271,665</u> | <u>\$ 26,189</u> | <u>\$ -</u> | <u>\$ 6,114,945</u> |
| \$ (81,498) | \$ (162,156) | \$ (91,319) | \$ - | \$ (24,966,281) |
| 7,055 | 56,750 | 18,725 | - | 1,097,504 |
| - | - | - | - | (467,547) |
| - | - | - | - | (302,517) |
| - | - | - | - | (813,287) |
| - | - | - | - | (520,241) |
| 58,397 | 73,470 | 57,983 | - | 80,227 |
| - | - | - | - | (44,726) |
| - | - | - | - | (46,868) |
| - | - | - | - | 368,621 |
| - | - | 545 | - | 826 |
| <u>\$ (16,046)</u> | <u>\$ (31,936)</u> | <u>\$ (14,066)</u> | <u>\$ -</u> | <u>\$ (25,614,289)</u> |

Supplemental Schedules

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Supplemental Schedule of Status of DARS Funds
Year Ended September 30, 2024

| Fund | Unencumbered Funds on Hand October 1, 2023 | Total Funds Received During Period | Funds Requested by September 30, 2023 but not Received by September 30, 2024 | Total of Funds Available During Period | Accrued Costs to Contract Period | Unencumbered Funds on Hand September 30, 2024 |
|---------------------------------------|--|--|---|--|---|---|
| Older Americans Act | | | | | | |
| Title III-B | \$ - | \$ 297,084 | \$ - | \$ 297,084 | \$ 350,819 | \$ (53,735) |
| Title III-C (1) | - | 160,671 | - | 160,671 | 183,077 | (22,406) |
| Title III-C (2) | - | 258,878 | - | 258,878 | 329,044 | (70,166) |
| Title III-D | - | 19,132 | - | 19,132 | 24,282 | (5,150) |
| Title III-E | 13,302 | 106,352 | - | 119,654 | 135,436 | (15,782) |
| Title VII - Elder Abuse | - | 2,418 | - | 2,418 | 26,313 | (23,895) |
| Title VII - Ombudsman | - | 16,388 | - | 16,388 | 20,093 | (3,705) |
| NSIP | - | 24,291 | - | 24,291 | 34,340 | (10,049) |
| Supplemental Nutrition | - | 91,196 | - | 91,196 | 91,196 | - |
| Vaccine Access | - | 27,421 | - | 27,421 | 27,421 | - |
| American Rescue Plan (ARP) III-B | - | 781,513 | - | 781,513 | 431,506 | 350,007 |
| Expanding Public Health Workforce | - | 164,180 | - | 164,180 | 102,339 | 61,841 |
| Other Federal | | | | | | |
| VICAP-(PY 03/31/23 Award) | - | - | - | - | - | - |
| VICAP-(PY 03/31/24 Award) | - | 28,773 | - | 28,773 | 28,773 | - |
| DMAS Ombudsman FY 24 | - | 2,944 | - | 2,944 | 3,610 | (666) |
| MIPPA - Priority 2 - AAA | - | 33,677 | - | 33,677 | 33,677 | - |
| Falls Prevention Grant | - | 4,000 | - | 4,000 | 4,000 | - |
| General Funds | | | | | | |
| OAA General-(PY 06/30/24) | 15,535 | 72,735 | - | 88,270 | 88,270 | - |
| OAA General-(PY 06/30/25) | - | 8,981 | - | 8,981 | 1,676 | 7,305 |
| Community Based-(PY 06/30/24) | 22,747 | 47,589 | - | 70,336 | 73,016 | (2,680) |
| Community Based-(PY 06/30/25) | - | 15,864 | - | 15,864 | 18,066 | (2,202) |
| Transportation-(PY 06/30/24) | 8,230 | 25,360 | - | 33,590 | 33,590 | - |
| Transportation-(PY 06/30/25) | - | 8,453 | - | 8,453 | 3,036 | 5,417 |
| Home Delivered Meals-(PY 06/30/24) | 29,007 | 89,400 | - | 118,407 | 123,953 | (5,546) |
| Home Delivered Meals-(PY 06/30/25) | - | 29,800 | - | 29,800 | 31,551 | (1,751) |
| Supplemental Nutrition-(PY 06/30/24) | 6,835 | 21,518 | - | 28,353 | 28,353 | - |
| Supplemental Nutrition-(PY 06/30/25) | - | 7,173 | - | 7,173 | 4,807 | 2,366 |
| Ombudsman-(PY 06/30/24) | 2,790 | 8,004 | - | 10,794 | 10,794 | - |
| Ombudsman-(PY 06/30/25) | - | 2,668 | - | 2,668 | 2,291 | 377 |
| Care Coordination CCEVP-(PY 06/30/24) | 16,353 | 49,058 | - | 65,411 | 70,474 | (5,063) |
| Care Coordination CCEVP-(PY 06/30/25) | - | 16,353 | - | 16,353 | 15,608 | 745 |
| Senior Cool Care | - | 4,600 | - | 4,600 | 4,600 | - |
| Senior Farmer's Market | - | 3,250 | - | 3,250 | 3,250 | - |
| VICAP General Funds (PY 06/30/24) | - | 25,000 | - | 25,000 | 25,000 | - |
| Totals | \$ 114,799 | \$ 2,454,724 | \$ - | \$ 2,569,523 | \$ 2,364,261 | \$ 205,262 |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Supplemental Schedule of DARS Costs by Program Activity
Year Ended September 30, 2024

| Fund | Costs to Federal III B Funds | Costs to Federal III C-1 Funds | Costs to Federal III C-2 Funds | Costs to Federal III D Funds | Costs to Federal III E Funds | Costs to Federal VII Eld Ab. Funds | Costs to Federal VII OMB Funds | Costs to Federal Supp Nutrition C2 | Costs to Federal Vaccine Access | Costs to Federal ARP-III C-1 Funds | Costs to Federal ARP-III D Funds | Costs to Federal ARP-III E Funds |
|---|------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|------------------------------------|--|--------------------------------------|--|--|---|---|---|
| Title III (Except III-E), | | | | | | | | | | | | |
| <i>Older Americans Act Fund</i> | | | | | | | | | | | | |
| Adult Day Care | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 36,653 |
| Comm. Referral Info & Assist | 80,569 | - | - | - | - | - | - | - | - | - | - | - |
| Options Counseling | 10,237 | - | - | - | - | - | - | - | - | - | - | - |
| Transportation | 36,498 | - | - | - | - | - | - | - | - | 1,557 | - | - |
| Congregate Meals | - | 181,077 | - | - | - | - | - | - | - | 113,528 | - | - |
| Home Delivered Meals | - | - | 328,044 | - | - | - | - | 91,196 | - | 257,578 | - | - |
| Nutrition Counseling | - | 500 | 500 | - | - | - | - | - | - | - | - | - |
| Nutrition Education | - | 1,500 | 500 | - | - | - | - | - | - | - | - | - |
| Other Disease Prevention | - | - | - | 24,282 | - | - | - | - | - | - | 11,376 | - |
| CDSME | 14,116 | - | - | - | - | - | - | - | - | - | - | - |
| Health Education Screening | 105,415 | - | - | - | - | - | - | - | - | - | - | - |
| Emergency Services | 1,267 | - | - | - | - | - | - | - | - | - | - | - |
| Outreach/Public Information | 23,393 | - | - | - | - | - | - | - | 27,421 | - | - | - |
| Socialization/Recreation | - | - | - | - | - | - | - | - | - | - | - | - |
| Legal Assistance | 3,000 | - | - | - | - | - | - | - | - | - | - | - |
| Elder Abuse Prevention | 13,730 | - | - | - | - | 26,313 | - | - | - | - | - | - |
| LTC Ombudsman Program | 18,468 | - | - | - | - | - | 20,093 | - | - | - | - | - |
| Prep. and Admin | 44,126 | - | - | - | - | - | - | - | - | - | - | - |
| Public Health Workforce | - | - | - | - | - | - | - | - | - | - | - | - |
| Service Coordination | - | - | - | - | - | - | - | - | - | - | - | - |
| Title III-E, Older Americans Act Funds | | | | | 135,436 | - | - | - | - | - | - | - |
| Adult Day Care | - | - | - | - | 135,436 | - | - | - | - | - | - | - |
| Totals | \$ 350,819 | \$ 183,077 | \$ 329,044 | \$ 24,282 | \$ 135,436 | \$ 26,313 | \$ 20,093 | \$ 91,196 | \$ 27,421 | \$ 372,663 | \$ 11,376 | \$ 36,653 |

| Costs to Federal Expanding Public Health Workforce | Voluntary Contributions | Costs to Other Non-Fed Funds | DMAS Ombudsman | Costs to NSIP Funds | Costs to G.F. OOA General Funds | Costs to G.F. Comm. Based Funds | Costs to G.F. Transport Funds | Costs to G.F. HD Meals Funds | Costs to G.F. Supp Nutrition Funds | Costs to G.F. CCEVP Funds | Costs to G.F. Ombuds Funds | Total Title III & VII Costs |
|--|----------------------------|---------------------------------------|-------------------|---------------------------|--|--|--|---------------------------------------|---|------------------------------------|-------------------------------------|-----------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 91,082 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 127,735 |
| - | - | 27,060 | - | - | - | - | - | - | - | - | - | 107,629 |
| - | - | 25,543 | - | - | - | - | - | - | - | 20,333 | - | 56,113 |
| - | - | 194,355 | - | - | - | - | 36,626 | - | - | - | - | 269,036 |
| - | 83,892 | 495,746 | - | 34,340 | 46,533 | - | - | - | 33,160 | - | - | 988,276 |
| - | - | 207,275 | - | - | 28,292 | - | - | 155,504 | - | - | - | 1,067,889 |
| - | - | - | - | - | - | - | - | - | - | - | - | 1,000 |
| - | - | - | - | - | - | - | - | - | - | - | - | 2,000 |
| - | - | - | - | - | - | - | - | - | - | - | - | 35,658 |
| - | - | - | - | - | - | - | - | - | - | - | - | 14,116 |
| - | - | - | - | - | - | - | - | - | - | - | - | 105,415 |
| - | 2,300 | - | - | - | - | - | - | - | - | - | - | 3,567 |
| - | - | 4,080 | - | - | - | - | - | - | - | - | - | 54,894 |
| - | 26,340 | - | - | - | - | - | - | - | - | - | - | 26,340 |
| - | - | 9,223 | - | - | 15,121 | - | - | - | - | - | - | 27,344 |
| - | - | 3,109 | - | - | - | - | - | - | - | - | - | 43,152 |
| - | - | 10,814 | 3,610 | - | - | - | - | - | - | - | 13,085 | 66,070 |
| - | - | 33,979 | - | - | - | - | - | - | - | - | - | 78,105 |
| 102,339 | - | - | - | - | - | - | - | - | - | - | - | 102,339 |
| - | - | 49,823 | - | - | - | - | - | - | - | 65,749 | - | 115,572 |
| - | - | 16,795 | - | - | - | - | - | - | - | - | - | 152,231 |
| <u>\$ 102,339</u> | <u>\$ 112,532</u> | <u>\$ 1,077,802</u> | <u>\$ 3,610</u> | <u>\$ 34,340</u> | <u>\$ 89,946</u> | <u>\$ 91,082</u> | <u>\$ 36,626</u> | <u>\$ 155,504</u> | <u>\$ 33,160</u> | <u>\$ 86,082</u> | <u>\$ 13,085</u> | <u>\$ 3,444,481</u> |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Supplemental Schedule of Status of DARS Inventories
 Year Ended September 30, 2024

| Fund | Value on Hand October 1, 2023 | Increase (Decrease) During Period | Value on Hand September 30, 2024 |
|-------------------------------------|-------------------------------------|---|--|
| Title III-C (1) Older Americans Act | \$ 57,614 | \$ (51,675) | \$ 5,939 |
| Title III-C (2) Older Americans Act | 29,821 | (23,370) | 6,451 |
| Totals | \$ 87,435 | \$ (75,045) | \$ 12,390 |

- Other Information -

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Legend of Expense Categories Year Ended June 30, 2025

The following describes the various types of expenses that are in the major expense functions as presented in the Agency's financial statements.

Personnel

- Salaries and Wages
- Fringe Benefits, which include
 - Payroll Taxes, Retirement and
 - Health Insurance and Related Costs

Staff Development

- Dues/Memberships
- Workshops
- Conventions
- In-Service Training
- Subscriptions
- Other Books

Facilities

- Rent
- Utilities
- Telephone
- Telephone - Emergency Services
- Maintenance Services
- Maintenance Services - Custodial
- Facility Insurance
- Licensure Fees
- Renovations/Repairs
- Other Residential Start Up Costs

Minor Equipment and Supplies

- Equipment. Less major items capitalized to fixed assets
- Data Processing Equipment, less major items capitalized to fixed assets
- Accounting System
- Maintenance Service Contracts
- Equipment Repairs
- Office/Facility Supplies
- Educational/Recreational Supplies
- Food
- Drugs/Medical Supplies
- Other Recognition

Travel

- Private Mileage
- Private Mileage - Emergency Services
- Individual Transportation
- Vehicle Operating Costs
- Vehicle Insurance
- Food/Lodging
- Parking and Tolls
- Reimbursement to Board Members

Contractual and Consulting

- Accounting/Auditing Services
- Data Processing Services
- Legal Services
- Psychiatric/Psychological Services
- Contractual ITC
- Technical Services
- Other Contractual

Other

- Liability Insurance
- Postage
- Printing/Duplicating
- Transcripts/Background Checks
- Advertising
- Other Miscellaneous

- Compliance -



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

To the Honorable Members of the Board of Directors
Rappahannock Rapidan Community Services
Culpeper, 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 and the aggregate remaining fund information of Rappahannock Rapidan Community Services as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Rappahannock Rapidan Community Services' basic financial statements and have issued our report thereon dated February 6, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rappahannock Rapidan Community Services' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rappahannock Rapidan Community Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Rappahannock Rapidan Community Services' 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 Rappahannock Rapidan Community Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia
February 6, 2026



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

To the Honorable Members of the Board of Directors
Rappahannock Rapidan Community Services
Culpeper, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rappahannock Rapidan Community Services' 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 Rappahannock Rapidan Community Services' major federal programs for the year ended June 30, 2025. Rappahannock Rapidan Community Services' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rappahannock Rapidan Community Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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 Rappahannock Rapidan Community Services 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 Rappahannock Rapidan Community Services' 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 Rappahannock Rapidan Community Services' 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 Rappahannock Rapidan Community Services' 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 Rappahannock Rapidan Community Services' 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 Rappahannock Rapidan Community Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rappahannock Rapidan Community Services' 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 Rappahannock Rapidan Community Services' 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.

Report on Internal Control over Compliance (Continued)

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

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

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

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia

February 6, 2026

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

| Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|--|--|---|-------------------------|
| <u>Department of Housing and Urban Development</u> | | | |
| Pass-Through Payments: | | | |
| Virginia Housing Development Authority: | | | |
| Section 8 Housing Choice Vouchers (Housing Voucher Cluster) | 14.871 | Not available | \$ <u>126,587</u> |
| <u>Department of Health and Human Services</u> | | | |
| Pass-Through Payments: | | | |
| Virginia Department of Behavioral Health and Disability Services: | | | |
| Opioid STR | 93.788 | 5H79TI080220-02 | 403,154 |
| Block Grants for Community Mental Health Services | 93.958 | 2B0905M010053-18 | 584,454 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | 2B08TI010053-18 | 1,132,582 |
| Virginia Department of Health: | | | |
| Special Programs for the Aging - Title IV and Title II Discretionary Projects | 93.048 | Not available | 9,000 |
| Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation | 93.041 | Not available | 19,308 |
| Special Programs for the Aging - Title VII, Chapter 2- Long Term Care Ombudsman Services for Older Individuals | 93.042 | Not available | 811 |
| Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services | 93.043 | Not available | 20,767 |
| Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers | 93.044 | Not available | \$ 361,500 |
| Special Programs for the Aging - Title III, Part C - Nutrition Services | 93.045 | Not available | 557,311 |
| Nutrition Services Incentive Program | 93.053 | Not available | <u>18,233</u> |
| Total Aging Cluster | | | 937,044 |
| National Family Caregiver Support, Title III Part E | 93.052 | Not available | 106,994 |
| Medicare Enrollment Assistance Program | 93.071 | Not available | 95,198 |
| Grants to States for Medical (Medicaid Cluster) | 93.778 | Not available | <u>3,149</u> |
| Total Department of Health and Human Services | | | \$ <u>3,312,461</u> |
| <u>Department of Education</u> | | | |
| Pass-Through Payments: | | | |
| Virginia Department of Behavioral Health and Disability Services: | | | |
| Special Education - Grants for Infants and Families | 84.181 | Not available | \$ <u>135,577</u> |
| Total expenditures of federal awards | | | <u>\$ 3,574,625</u> |

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Rappahannock Rapidan Community Services under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rappahannock Rapidan Community Services, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Rappahannock Rapidan Community Services.

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.

Note C - Subrecipients

No awards were passed through to subrecipients.

Note D - Indirect Cost Recovery

The entity has elected not to use the 15% de minimis indirect cost rate allowed under Uniform Guidance.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified | None reported |

| | |
|---|------------|
| Type of auditors' report issued on compliance for major programs: | Unmodified |
|---|------------|

| | |
|--|----|
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
|--|----|

Identification of major programs:

| Assistance | |
|--------------------------|---|
| <u>Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
| 93.044 / 93.045 / 93.053 | Aging Cluster |
| 93.959 | Block Grants for Substance Use Prevention, Treatment, and Recovery Services |

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
|---|-----------|

| | |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

RAPPAHANNOCK RAPIDAN COMMUNITY SERVICES

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025**

There were no items reported.