RICHMOND BEHAVIORAL HEALTH AUTHORITY

A Component Unit of the City of Richmond, Virginia

Financial Report

June 30, 2024

BROWN EDWARDS
certified public accountants

Richmond Behavioral Health Authority

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Richmond Behavioral Health Authority

Directory of Principal Officials

June 30, 2024

Board of Directors

Irvin Dallas, Chair
Karen Gunther, Vice Chair
Malesia "Nikki" Taylor, Secretary/Treasurer

Tameisha Archer	Kristi Babenko
Stephen Willoughby	Jenny Aghomo
Rev. Aria Kirkland-Harris	Rev. Dana Sally-Allen
Eduardo Vidal	Cynthia Newbille, Ph.D.
Anika Richburg	Scott Cannady

Principal Management Team

Cristen Zedd, LCSW .... Chief Executive Officer

Shenee McCray, LCSW .... Chief Operating Officer of Mental Health Services

Scott Ward, LCSW .... Director of Emergency and Justice Support Services

James C. May, Ph.D. .... Chief Operating Officer of Planning, Development, Research, Evaluation, and Substance Use Disorders Services

Michael Tutt .... Senior Director of Human Resources

Bill Fellows .... Chief Financial Officer

Vacant .... Chief Operating Officer of Developmental Services/Region IV Reach Administrator

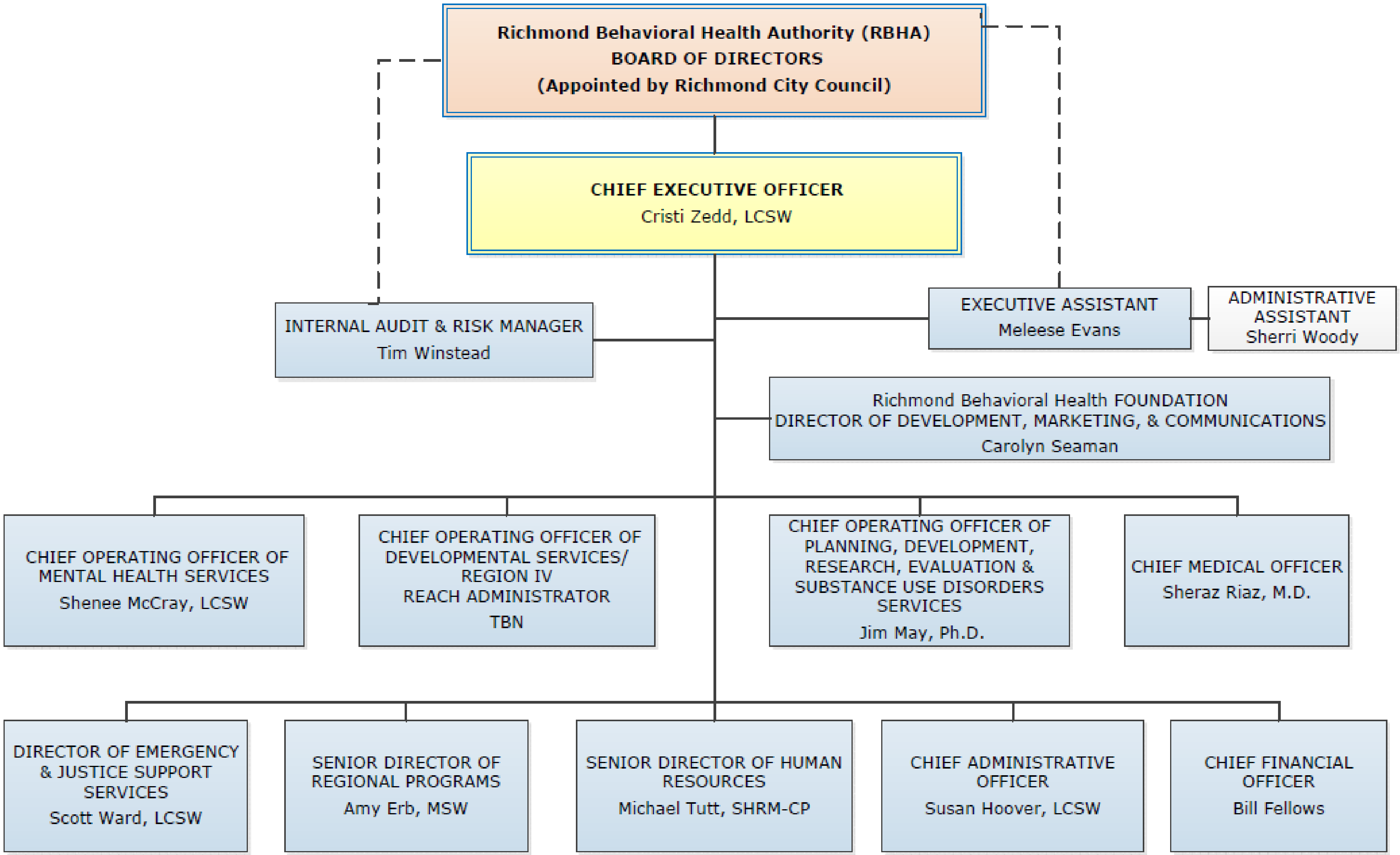
Susan Hoover, LCSW .... Chief Administrative Officer

Steve Buffenstein .... Director of Information Technology

Amy Erb .... Director of Regional Programs

Sheraz Riaz, Ph.D. .... Chief Medical Officer

Carolyn Seamen .... Foundation Director of Development, Marketing, and Communications


Richmond Behavioral Health Authority (RBHA)
BOARD OF DIRECTORS
(Appointed by Richmond City Council)
CHIEF EXECUTIVE OFFICER
Cristi Zedd, LCSW
INTERNAL AUDIT & RISK MANAGER
Tim Winstead
EXECUTIVE ASSISTANT
Meleese Evans
ADMINISTRATIVE ASSISTANT
Sherri Woody
Richmond Behavioral Health FOUNDATION
DIRECTOR OF DEVELOPMENT, MARKETING, & COMMUNICATIONS
Carolyn Seaman
CHIEF OPERATING OFFICER OF MENTAL HEALTH SERVICES
Shenee McCray, LCSW
CHIEF OPERATING OFFICER OF DEVELOPMENTAL SERVICES/ REGION IV REACH ADMINISTRATOR
TBN
CHIEF OPERATING OFFICER OF PLANNING, DEVELOPMENT, RESEARCH, EVALUATION & SUBSTANCE USE DISORDERS SERVICES
Jim May, Ph.D.
CHIEF MEDICAL OFFICER
Sheraz Riaz, M.D.
DIRECTOR OF EMERGENCY & JUSTICE SUPPORT SERVICES
Scott Ward, LCSW
SENIOR DIRECTOR OF REGIONAL PROGRAMS
Amy Erb, MSW
SENIOR DIRECTOR OF HUMAN RESOURCES
Michael Tutt, SHRM-CP
CHIEF ADMINISTRATIVE OFFICER
Susan Hoover, LCSW
CHIEF FINANCIAL OFFICER
Bill Fellows

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Financial Section

The Financial Section contains the
Basic Financial Statements.

BROWNEDWARDS
certified public accountants

Independent Auditor's Report

To the Board of Directors
Richmond Behavioral Health Authority
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Richmond Behavioral Health Authority (the "Authority"), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion 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 audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists; we are required to describe it in our report.

Report on Summarized Comparative Information

We have previously audited the Authority's 2023 financial statements, and our report dated November 9, 2023 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented therein for the year ended June 30, 2023 is consistent in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
December 18, 2024

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Basic Financial Statements

Richmond Behavioral Health Authority

Statement of Net Position

June 30, 2024

	2024	(For Comparative Purposes Only) 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	$ 2,814,987	$ 9,897,296
Cash and cash equivalents, restricted (Note 2)	16,984,130	13,641,740
Accounts receivable, net (Note 3)	3,723,242	2,222,305
Due from other governments (Note 4)	6,201,288	3,140,473
Prepaid expenses and other receivables	589,253	646,728
Total current assets	30,312,900	29,548,542
NONCURRENT ASSETS		
Capital assets, net (Note 5)	31,746,481	33,114,070
Total assets	62,059,381	62,662,612
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions (Note 11)	4,450,456	5,654,958
Deferred outflows related to other postemployment benefits (Note 12)	390,533	519,009
Total deferred outflows of resources	4,840,989	6,173,967
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,664,570	2,247,332
Accrued payroll and related liabilities	4,424,667	1,971,617
Accrued interest	16,424	17,819
Unearned revenue (Notes 8 and 13)	23,244,085	26,914,320
Compensated absences	3,213,841	2,415,343
Current portion of long-term liabilities (Notes 7 and 9)	2,036,521	1,898,675
Total current liabilities	34,600,108	35,465,106
LONG-TERM LIABILITIES		
Net pension liability (Note 11)	7,422,231	9,593,273
Net other postemployment benefits liability (Note 12)	4,119,798	4,630,383
Due in more than one year (Notes 7 and 9)	10,781,763	12,418,254
Total long-term liabilities	22,323,792	26,641,910
Total liabilities	56,923,900	62,107,016
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions (Note 11)	3,146,092	2,322,912
Deferred inflows related to other postemployment benefits (Note 12)	1,137,737	180,229
Total deferred inflows of resources	4,283,829	2,503,141
NET POSITION		
Net investment in capital assets	18,928,197	18,797,141
Unrestricted	(13,235,556)	(14,570,719)
Total net position	**$ 5,692,641**	**$ 4,226,422**

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

Richmond Behavioral Health Authority

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

Year Ended June 30, 2024

	2024	(For Comparative Purposes Only) 2023
OPERATING REVENUES		
Net client service revenue (Note 14)	$ 24,307,774	$ 23,575,899
OPERATING EXPENSES		
Salaries and benefits	62,339,962	53,926,011
Client services	8,718,114	8,563,425
Contractual and professional services	11,182,545	9,792,231
Facility	4,678,801	3,805,238
Depreciation and amortization	3,056,550	3,004,560
Insurance and licenses	1,860,206	1,286,427
Supplies	1,855,514	1,365,660
Other	246,960	223,405
Staff development	852,414	635,476
Travel	447,816	388,887
Rentals	252,546	219,246
Total operating expenses	95,491,428	83,210,566
Operating loss	(71,183,654)	(59,634,667)
NONOPERATING REVENUES (EXPENSES)		
Commonwealth of Virginia grants	54,190,838	42,799,346
Federal grants	12,046,264	12,174,143
Contributions from the City of Richmond	5,621,598	4,909,762
Other income	715,932	516,067
Interest income	163,542	82,865
Interest expense	(88,301)	(93,999)
Net nonoperating revenues	72,649,873	60,388,184
Change in net position	1,466,219	753,517
NET POSITION		
Beginning at July 1	4,226,422	3,472,905
Ending at June 30	**$ 5,692,641**	**$ 4,226,422**

Richmond Behavioral Health Authority

Statement of Cash Flows

Year Ended June 30, 2024

	2024	(For Comparative Purposes Only) 2023
OPERATING ACTIVITIES		
Receipts from clients, private insurers, Medicaid, and others	$ 23,040,598	$ 23,974,682
Payments to suppliers	(30,853,964)	(26,345,879)
Payments to and for employees	(58,656,375)	(52,675,206)
Net cash used in operating activities	(66,469,741)	(55,046,403)
NON-CAPITAL FINANCING ACTIVITIES		
Contributions from local, state, and federal governments	65,203,902	58,925,966
Other receipts	715,932	516,067
Net cash provided by non-capital financing activities	65,919,834	59,442,033
CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions from state government	(76,252)	203,298
Acquisition and development of capital assets	(1,201,144)	(2,918,202)
Principal paid on debt	(1,986,462)	(1,914,694)
Interest paid on debt	(89,696)	(96,475)
Net cash used in capital and related financing activities	(3,353,554)	(4,726,073)
INVESTING ACTIVITIES		
Interest received	163,542	82,865
Net decrease in cash and cash equivalents	(3,739,919)	(247,578)
CASH AND CASH EQUIVALENTS		
Beginning at July 1	23,539,036	23,786,614
Ending at June 30	**$ 19,799,117**	**$ 23,539,036**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and cash equivalents	$ 2,814,987	$ 9,897,296
Cash and cash equivalents, restricted	16,984,130	13,641,740
	$ 19,799,117	**$ 23,539,036**
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (71,183,654)	$ (59,634,667)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	3,056,550	3,004,560
Pension expense net of employer contributions	(143,360)	376,078
Other postemployment benefits expense net of employer contributions	575,399	736,121
(Increase) decrease in:		
Accounts receivable	(1,500,937)	165,022
Prepaid expenses and other receivables	57,475	(189,417)

Richmond Behavioral Health Authority

Statement of Cash Flows

Year Ended June 30, 2024

	2024	(For Comparative Purposes Only) 2023
Increase (decrease) in:		
Accounts payable	(582,762)	357,294
Accrued payroll and related liabilities	2,453,050	(56,791)
Compensated absences	798,498	195,397
Net cash used in operating activities	**$ (66,469,741)**	**$ (55,046,403)**
SCHEDULE OF NON-CASH ACTIVITIES		
Capital assets obtained through lease liabilities	**$ 487,817**	**$ -**

Richmond Behavioral Health Authority

Statement of Fiduciary Net Position

June 30, 2024

	Custodial Funds Non-Regional Funds Held for Others
ASSETS	
Cash and cash equivalents, restricted (Note 2)	$ 5,641,397
NET POSITION	
Restricted for benefit of others	$ 5,641,397

Richmond Behavioral Health Authority

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	Custodial Funds
	Non-Regional Funds Held for Others
ADDITIONS	
Amount recognized from the Department of Behavioral Health and Developmental Services	$ 487,646
DEDUCTIONS	
Payments to vendors	776,490
Payments to others	1,976
Total deductions	778,466
Net decrease in fiduciary net position	(290,820)
NET POSITION – AT JULY 1	5,932,217
NET POSITION – AT JUNE 30	**$ 5,641,397**

Note 1 – Summary of Significant Accounting Policies

Organization and Purpose

The Richmond Behavioral Health Authority (the "Authority") was created on July 1, 1996, to provide behavioral health services to residents of the City of Richmond, Virginia (the "City") under applicable sections of the *Code of Virginia*. The Authority provides treatment for community mental health disorders, developmental disabilities, and substance use disorders with a system of services that relate to, and are integrated with, existing and planned programs. Substantially all of the Authority's funding is from service fees, the Commonwealth of Virginia, the Federal Government, and the City.

Reporting Entity

The Authority's Board of Directors is appointed by the Richmond City Council. The City provides funding to the Authority that satisfies matching requirements for state grant funding and deems the Authority to be a component unit.

Measurement Focus and Basis of Accounting

The Authority is a governmental health care entity and is required to follow the accounting and reporting practices of the Governmental Accounting Standards Board (GASB). The Authority's financial statements consist of a single enterprise fund and are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of the related cash flows.

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

The Authority also serves as the fiscal agent for certain programs administered by the Department of Behavioral Health and Developmental Services (DBHDS). These funds are custodial funds that do not involve the measurement of results of operations. Funds received and expended under the direction of the DBHDS are included in the accompanying statement of fiduciary net position and statement of changes in fiduciary net position. Custodial funds use the economic resources measurement focus and the accrual basis of accounting.

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. Actual results (including the ultimate collectability of receivables as discussed below) could differ from those estimates.

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, checking and savings accounts, and short-term, highly liquid investments (including repurchase agreements) with original maturities of three months or less from the date of acquisition.

Accounts Receivable

The Authority internally records and monitors differences between its full established rates and contractual rates. However, at the time of service only estimated realizable amounts are recorded as net client service revenue and as accounts receivable. The estimated realizable amounts include reductions for discounts based on contractual agreements with Medicaid and insurers as well as discounts based on the client's ability to pay. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Retroactive adjustments are reported in operations in the year of settlement.

The Authority's current practice is to charge off all self-pay accounts over 120 days past due. Management has established an allowance for doubtful accounts based on historical collection data and the aging of accounts receivable.

Capital Assets

Capital assets include property and equipment with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at date of donation. The costs of normal maintenance and repairs that do not materially add to the value of an asset or its life are expensed. Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives or lease terms:

Leasehold improvements	7-20 years
Furniture and equipment	3-10 years
Motor vehicles	5 years
Computers	3-5 years
Right-of-use leased assets	2-3 years

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

Unearned Revenue

Unearned revenues consist of amounts which have been received, but for which revenue recognition criteria have not been met. Revenues will be recognized when expenses are incurred in accordance with the grantor's requirements. If such expenses are not incurred, the funds may revert back to the grantor.

Compensated Absences

The Authority's employees earn annual leave (vacation pay) in varying amounts and can accumulate annual leave based on length of service subject to certain maximum accumulation amounts. All employees earn the same sick pay rate regardless of the length of service. Sick pay does not vest, is not paid out upon separation, and is not recorded as a liability. Accumulated annual leave up to the maximum limit is paid out upon separation and is recorded as a liability.

Pensions

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Authority has three items that qualify for reporting in this category. The first item is pension contributions subsequent to the measurement date for the net pension liability; this will be applied to the net pension liability in the next fiscal year. The other two are pension related deferrals and other postemployment benefit plan related deferrals.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. These items represent an acquisition of net assets applicable to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Authority has two types of items that qualify for reporting in this category. Those are pension related deferrals and other postemployment benefit plan related deferrals. See Notes 11 and 12 for additional pension and other postemployment benefit plan details.

Financial Assistance

The Authority 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 varies based on individual circumstances, and unpaid balances are pursued to the extent of the client's ability to pay. The Authority has established procedures for granting financial assistance in cases of hardship, which results in a substantial reduction and/or elimination of charges to individual clients. Because the Authority does not pursue the collection of such amounts, they are not reported in net revenue.

Leases

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

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

Right-of-Use Lease Asset and Related Lease Liability

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

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

Note 2 – Deposits and Investments

Deposits

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

Cash and cash equivalents consist of the following:

Petty cash	$ 1,075
Demand deposits	25,439,439
	$ 25,440,514

Reconciliation of cash and cash equivalents to the Statement of Net Position and Statement of Fiduciary Net Position:

	Statement of Net Position	**Statement of Fiduciary Net Position**	**Total**
Cash and cash equivalents	$ 2,814,987	$ -	$ 2,814,987
Cash and cash equivalents, restricted	16,984,130	5,641,397	22,625,527
	$ 19,799,117	**$ 5,641,397**	**$ 25,440,514**

Restricted cash consists of $16,984,130 for regional funds and $5,641,397 for non-regional funds held for others. See additional discussion in Note 8.

Note 3 – Accounts Receivable

Accounts receivable consist of the following:

Virginia Department of Medical Assistance Services (Medicaid)	$ 2,359,397
Direct client, third-party, and other	3,154,842
	5,514,239
Allowance for uncollectible accounts	(1,790,997)
	$ 3,723,242

Note 4 – Due From Other Governments

Amounts due from other governments for the reimbursement of expenditures and services provided under various programs and grants consist of the following:

City of Richmond	$	1,965,699
Commonwealth of Virginia		3,093,006
Federal government		1,142,583
	$	**6,201,288**

Note 5 – Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, nondepreciable				
Land	$ 1,378,964	$ -	$ -	$ 1,378,964
Capital assets, nondepreciable	1,378,964	-	-	1,378,964
Capital assets, depreciated				
Buildings	19,823,379	318,232	-	20,141,611
Furniture and equipment	971,577	150,371	-	1,121,948
Computers	3,146,942	6,175	-	3,153,117
Vehicles	3,151,935	481,971	(15,000)	3,618,906
Regional vehicles	321,871	-	-	321,871
Leasehold improvements	3,844,315	221,495	-	4,065,810
Capital assets, depreciable	31,260,019	1,178,244	(15,000)	32,423,263
Less accumulated depreciation for:				
Buildings	(2,202,194)	(523,231)	-	(2,725,425)
Furniture and equipment	(716,990)	(102,119)	-	(819,109)
Computers	(2,713,286)	(87,527)	-	(2,800,813)
Vehicles	(2,063,502)	(360,838)	15,000	(2,409,340)
Regional vehicles	(318,450)	(3,421)	-	(321,871)
Leasehold improvements	(2,711,070)	(97,349)	-	(2,808,419)
Total accumulated depreciation	(10,725,492)	(1,174,485)	15,000	(11,884,977)
Capital assets depreciable, net	20,534,527	3,759	-	20,538,286
Right-of-use leased assets				
Buildings and parking	14,940,937	205,247	(496,871)	14,649,313
Equipment	182,278	305,470	(24,980)	462,768
Less accumulated amortization	(3,922,636)	(1,882,065)	521,851	(5,282,850)
Total leased assets, net	11,200,579	(1,371,348)	-	9,829,231
Total capital assets, net	**$ 33,114,070**	**$ (1,367,589)**	**$ -**	**$ 31,746,481**

Intangible Right-to-Use Lease Assets

In 2022, the Authority implemented the guidance in GASB No. 87, *Leases*, and recognized the value of copiers, other equipment, parking, and buildings leased under long-term contracts and lease liabilities (Note 7).

Note 6 – Line of Credit

The Authority has a $3,000,000 bank line of credit that was unsecured, payable on demand, and bore interest at SOFR plus 2.50% at June 30, 2024. This is an open end revolving line of credit. The Authority had no outstanding balance at June 30, 2024.

Note 7 – Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Lease liabilities	$ 11,723,806	$ 487,817	$ 1,799,586	$ 10,412,037	$ 1,835,468
Note from direct borrowing	2,593,123	-	186,876	2,406,247	201,053
	$ 14,316,929	**$ 487,817**	**$ 1,986,462**	**$ 12,818,284**	**$ 2,036,521**

Annual debt service requirements are as follows:

	Lease Liabilities		Note from Direct Borrowing	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**
2025	$ 1,835,468	$ 176,896	$ 201,053	$ 78,592
2026	1,784,036	143,076	201,713	71,859
2027	1,874,381	108,497	208,680	64,892
2028	1,968,123	72,194	215,886	57,686
2029	1,990,937	34,452	223,342	50,230
2030-2034	959,092	3,683	1,237,873	129,987
2035	-	-	117,700	1,046
	$ 10,412,037	**$ 538,798**	**$ 2,406,247**	**$ 454,292**

The note payable of $3,200,000 was issued on December 3, 2019 to finance the purchase of a building, maturing in various annual installments through December 3, 2034 with an interest rate at 3.40%. The note is secured by the Authority's deposits held by the bank.

Lease liability terms and other information is further disclosed at Note 9.

Note 8 – Regional Funds – Unearned Revenue

The Authority serves as the fiscal agent for a Regional Program, which is administered by several community services boards, including the Authority, in a region established by the Commonwealth of Virginia (the "Commonwealth"). The Regional Program oversees a pool of Commonwealth funds, and directs the allocation of those funds to various community services boards within the region. The Regional Program has allocated certain of these funds, such as crisis stabilization, directly to the Authority to provide services on behalf of the region. The other programs include discharge assistance program (DAP), MH other regional, MH Permanent Housing acute care local inpatient purchase of services (LIPOS), MH crisis response and child psychology, MH STEP-VA, MH recovery, and other regional. The funds spent in the fiscal year are accounted for as revenues and expenses of the Authority. The funds unearned at June 30, 2023, received by the Authority and spent on behalf of the region during 2024 and the unearned balance at June 30, 2024 consisted of the following:

Unearned revenue	
DAP	$ 1,261,436
Crisis stabilization	135,060
MH other regional	2,828,926
LIPOS	2,553,906
MH crisis response and child psychology	539,255
MH STEP-VA	4,802,394
MH permanent supporting housing	900,000
MH recovery	14,618
Other regional	606,145
Balance, June 30, 2023	**$ 13,641,740**
Funds received	
DAP	$ 5,616,254
Crisis stabilization	2,689,877
MH other regional	2,548,393
LIPOS	799,861
MH crisis response and child psychology	1,591,274
MH STEP-VA	7,528,638
MH recovery	1,002,016
Other regional	164,488
Total funds received	**$ 21,940,801**
Funds spent	
DAP	$ 4,315,132
Crisis stabilization	2,779,098
MH other regional	2,406,146
LIPOS	983,840
MH crisis response and child psychology	1,886,500
MH STEP-VA	4,957,750
MH permanent supporting housing	92,263
MH recovery	997,178
Other regional	180,504
Total funds spent	**$ 18,598,411**
Unearned revenue	
DAP	$ 2,562,558
Crisis stabilization	45,839
MH other regional	2,971,173
LIPOS	2,369,927
MH crisis response and child psychology	244,029
MH STEP-VA	7,373,282
MH permanent supporting housing	807,737
MH recovery	19,456
Other regional	590,129
Balance, June 30, 2024	**$ 16,984,130**

The $18,598,411 of revenue recognized for funds spent on behalf of the region are included in Commonwealth of Virginia grants nonoperating revenue and the majority of expenses are included in salaries and benefits, contractual and professional services, and client services on the statement of revenues, expenses, and changes in fund net position. Of these funds spent on behalf of the region, $10,137,956 was for services provided directly by the Authority, with the remaining spent on behalf of the remaining participating community services boards.

Note 9 – Leases

A summary of significant leases are as follows:

Lease Description	Term	Asset Class	Interest Rate	Balance at June 30, 2024
S. 5th Street Building	01/01/2020-12/31/2029	Buildings and parking	1.843%	$ 9,423,129
Marshall Center	01/01/2024-12/31/2033	Buildings and parking	3.400%	103,202
4th and Canal parking	02/01/2020-01/31/2024	Buildings and parking	1.767%	559,843
Copiers and other equipment	10/11/2019-03/31/2029	Equipment	0.0751-3.400%	325,863
				$ 10,412,037

Short-Term Leases

The Authority leases equipment and housing for residential programs under lease terms which range from monthly to a year.

Rental expense related to short-term equipment leases for 2024 totaled $252,546.

Rental expense for short-term residential housing and related programs totaled $6,481,814 for 2024 and is included in client services on the statement of revenues, expenses, and changes in fund net position.

Note 10 – Commitments and Contingencies

Grants

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

Legal/Litigation

The Authority may be involved in potential lawsuits arising in the ordinary course of business. It is management's belief that any liability resulting from such lawsuits would not be material in relation to the Authority's financial position.

Note 11 – Retirement Plan

Plan Description

All full-time permanent employees of the Authority employed prior to July 1, 2006 are covered by a Defined Benefit Pension Plan administered by the RRS. The plan is a multiple-employer cost-sharing Defined Benefit Pension Plan. Members are vested after five years of creditable service. The plan is contributory for employees.

The Defined Benefit and Enhanced Defined Benefit Plans pay a monthly benefit at retirement based on the member's years of creditable service (up to a maximum of 35 years) and average final compensation. General employees participating in the Defined Benefit and Enhanced Defined Benefit Plans are required to pay contributions of 1.00% or 4.57% of their creditable compensation, respectively. The Defined Benefit Plan formula has a multiplier of 1.75% for general employees whereas the Enhanced Option has a multiplier of 2.00%. A member is eligible for normal retirement on their normal retirement date (age 65). Upon retirement, a member becomes eligible to receive an annual allowance payable in equal monthly installments. The Plan permits early retirement.

Employees with 30 years of service may retire at any age with unreduced benefits. Employees may retire at age 55 with 5 or more years of service; however, benefits will be reduced by 5/12th of 1.00% for each complete month or 5.00% per year by which retirement precedes the earlier of age 65 or the date on which the employee would have completed 30 years of service.

The benefit level is set by formula, regardless of the retirement fund's investment performance. Participating employers contribute an amount each year that varies according to the contribution rate as determined by the RRS's actuary. The participating employers' contributions are invested by outside investment firms with the primary objective of ensuring the security, stability, and continued growth of assets for members' future benefits.

The Code of the City requires that the Plan be maintained on an actuarially sound basis.

The City also offers a Defined Contribution 401(a) Plan as another retirement option. This plan is mandatory for general employees hired on or after July 1, 2006, and optional for senior executives and public safety officers. The RRS is the Trustee for this Plan and has contracted with an independent, not-for-profit financial services organization to administer the Plan. The City and the Authority contribute a percentage of an employee's creditable compensation, based on years of service, to a portable account for investment by the employee. This Plan is non-contributory for employees.

Vested members in the Defined Contribution 401(a) Plan who terminate employment are entitled to the account balance. The account balance of non-vested members who terminate employment is forfeited unless a member is reemployed with a participating employer before a five-year lapse and remains in service until vesting. Members of the Defined Contribution 401(a) Plan are eligible for disability retirement benefits under the RRS.

The RRS issues a separate comprehensive annual financial report on the Defined Contribution 401(a) Plan. A copy of the report may be obtained from the RRS's website at www.richmondgov.com/retirement.

The Authority is required to annually contribute to the Defined Benefit Plans an amount as determined by the actuary (expressed as a percentage of payroll) equal to the sum of the "normal contribution" and the "accrued liability contribution." The accrued liability contribution is determined as that amount necessary to amortize the unfunded actuarial accrued liability and any increase or decrease in the unfunded actuarial accrued liability in future years due to changes in actuarial assumptions, changes in the Plan provisions (including the granting of cost-of-living increases) or actuarial gains or losses amortized over a period of 20 years.

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2023, using updated actuarial assumptions, applied to all periods included in the measurement period.

Actuarial Method and Significant Assumptions

The July 1, 2022 valuation developed contribution rates for the fiscal year ending June 30, 2024, using the entry age actuarial cost method.

The amortization method used is a level dollar method over a closed period not to exceed 30 years. For purposes of determining contribution rates, the difference between actual investment earnings and expected investment earnings is recognized over a five-year period, with the restriction that the actuarial asset value cannot be less than 90% or greater than 110% of the market value of assets.

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

Contributions to the Defined Benefit Plans by the Authority were $1,384,701 and $1,356,863 for the years ended June 30, 2024 and 2023, respectively. The contribution rate was 87.01% for 2024. The Authority also contributed $1,802,868 to the Defined Contribution Plans for 2024. The Authority's contribution to the Defined Contribution Plans is 5.00% for employees with less than 5 years of service, 6.00% for employees with 5 to 9 years of service, 8.00% for employees with 10 to 14 years of service, and 10% for employees with 15 years or more of service.

At June 30, 2024, the Authority reported a liability of $7,422,231 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on the Authority's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the Authority's proportion was 2.15% as compared to 2.82% at June 30, 2022.

For the year ended June 30, 2024, the Authority recognized a pension expense of $1,053,289. Since there was a change in proportionate share between June 30, 2022 and June 30, 2023, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2024, the Authority 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
Other pension deferrals	$ 3,065,755	$ 3,146,092
Employer contributions subsequent to the measurement date	1,384,701	-
	$ 4,450,456	**$ 3,146,092**

The $1,384,701 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other deferrals will be amortized against future pension expense.

Actuarial Assumptions

The total pension liability for the RRS Retirement Plan was based on an actuarial valuation as of July 1, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	2.50 – 4.00%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

There is no cost of living increase assumption and the assumption is that benefits will not increase after retirement.

Mortality rates

Pub-2010 Below Median Income Table for general employees.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2023.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	June 30, 2023 10 Year Assumptions – Geometric Return
Broad U.S. Equities	27.00%	7.35%
International Equities	16.00	7.25
Diversifying Assets	6.00	5.55
Private Equities	6.00	8.50
Fixed Income	29.00	4.25
Private Debt	6.00	7.00
Real Estate (Core)	10.00	5.75
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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 plan members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the Authority using the discount rate of 7.00%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Authority's proportionate share of retirement plan net pension liability	$ 9,401,587	$ 7,422,231	$ 5,714,915

Pension Plan Fiduciary Net Position

Detailed information about the RRS Retirement Plan's Fiduciary Net Position is available in the separately issued RRS 2023 Annual Financial Report. A copy of the 2023 RRS Annual Financial Report may be downloaded from the City website at https://www.rva.gov/sites/default/files/2023-11/CAFR2023.pdf.

Note 12 – Other Postemployment Benefits Liability – Local Plan

Plan Description

The Authority pays a portion of the cost of health related insurance benefits to all employees who retire from the Authority. The benefits are comprised of health related group insurance policies through which retirees, their spouses, and eligible unmarried dependents can obtain coverage. Once retirees reach age 65 or are eligible for Medicare they are not entitled to these benefits. The authority to establish and amend the benefit provisions of the plan rests with the Authority's Board. There is no publicly available report for the plan.

The Authority establishes the employer contribution rates and how the plan will be funded as part of the annual budget process. The Authority is on a pay-as-you-go basis and has not funded the plan, therefore there are no plan assets.

Employees Covered by Benefit Terms

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

	Members
Inactive employees or beneficiaries	
Currently receiving benefits	8
Active plan members	484
	$ 492

Total OPEB Liability

The Authority's total OPEB liability of $4,119,798 was measured as of June 30, 2024 and was determined based on an actuarial valuation performed as of June 30, 2023.

Actuarial Assumptions and Other Inputs

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

Inflation	2.25%
Healthcare cost trend rates	3.61-5.80%

Healthy Mortality rates: Pub-2010 Table for general employees, headcount-weighted, with mortality improvement according to scale MP-2019.

Disabled Mortality rates: Pub-2010 Table for disabled general employees, headcount-weighted.

All other decrements used in the 2024 valuation are based on the results of the experience study undertaken on behalf of the RRS for the five-year period ending June 30, 2018.

Changes in assumptions and other inputs reflects increasing the discount rate from 3.65% to 3.93%. There have been no other significant changes in benefit terms, assumptions, or other inputs.

Changes in the Total OPEB Liability

Balance at June 30, 2023	$ 4,630,383
Changes for the year	
Service cost	660,714
Interest	189,206
Differences between expected & actual experience	(1,141,192)
Assumption or other input changes	(4,548)
Benefit payments	(214,765)
Net changes	(510,585)
Balance at June 30, 2024	**$ 4,119,798**

Richmond Behavioral Health Authority

Notes to Financial Statements

June 30, 2024

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current discount rate:

	1.00% Decrease (2.93%)	Current Discount Rate (3.93%)	1.00% Increase (4.93%)
Total OPEB liability	**$ 4,525,287**	**$ 4,119,798**	**$ 3,754,891**

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate range of 3.61-5.80%:

	1.00% Decrease	Current Healthcare Cost Trend Rates	1.00% Increase
Total OPEB liability	**$ 3,563,529**	**$ 4,119,798**	**$ 4,782,725**

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

For the year ended June 30, 2024, the Authority recognized OPEB expense of $790,164. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,106,488
Change in assumptions	390,533	31,249
	$ 390,533	**$ 1,137,737**

The Authority's amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Decrease to OPEB Expense
2025	$ (59,756)
2026	(59,756)
2027	(115,469)
2028	(117,788)
2029	(118,881)
Thereafter	(275,554)

Note 13 – Unearned Revenue

At June 30, 2024, unearned revenue consists of funding for the regional programs (as described in Note 8), permanent supportive housing, regional educational assessment crisis services habilitation (REACH) programs, and other supportive programs. Unearned revenue consists of:

Regional programs	$ 16,984,130
Permanent supportive housing	429,562
REACH	2,645,642
Other supportive programs	3,184,751
	$ 23,244,085

Note 14 – Net Client Service Revenue

Net client service revenues were from the following sources:

Medicaid and third-party insurers	$ 24,215,773
Other	92,001
	$ 24,307,774

Note 15 – Related Party Transactions

The City contributes local funds to support the provision of behavioral health services to City residents. The Authority also received pass-through federal and state grants from the City totaling $833,323 in 2024. The Authority also participates in the City's retirement system and pays contributions to that plan as described in Note 11.

Note 16 – Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Authority participates in a self-insured liability plan sponsored by the state of Virginia for local political subdivisions. The plan provides $1,000,000 coverage against public official liability claims. The Authority participates in the Virginia Municipal Liability Pool for comprehensive property and casualty coverage, a general liability coverage (claims made), automobile coverage, and employer's liability. The Authority also is a member of the Virginia Municipal Group Self Insurance Association and obtains workers compensation coverage for Authority employees.

Certain other risks are covered by commercial insurance policies. Management believes the above-described coverage is sufficient to preclude any significant uninsured losses to the Authority. The Authority has had no settlements in excess of insurance coverages or significant reductions in coverage in each of the past three years. The Authority's primary risk of loss is anticipated to be limited to any deductibles not covered by the insurance arrangements.

The Authority is also insured under a commercial public official's policy in the amount of $100,000 that indemnifies the insured against loss of money or property that might result from the fraudulent or dishonest acts of its employees.

The Authority carried commercial health insurance for employees for the year ended June 30, 2024. The Authority's self-insurance health program provides healthcare coverage for employees, retirees, and their dependents. Changes in the estimated claims payable for health insurance is as follows:

Beginning of year	$	70,319
Incurred claims		6,123,293
Claim payments		(5,932,709)
End of year	**$**	**260,903**

This balance is included in accrued payroll and related liabilities on the statement of net position.

Note 17 – Pending Pronouncements

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

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

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

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

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Required Supplementary Information

Richmond Behavioral Health Authority

Required Supplementary Information
Schedule of Employer's Share of Net Pension Liability – RRS Retirement Plan
June 30, 2024

Fiscal Year Ended June 30,	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	2.15 %	$ 7,422,231	$ 1,399,178	530.47 %	65.00 %
2023	2.82	9,593,273	1,915,971	500.70	64.50
2022	2.94	7,924,535	1,921,066	412.51	71.80
2021	1.97	7,682,966	2,039,026	376.80	59.20
2020	2.12	7,743,358	2,082,537	371.82	61.00
2019	2.20	6,726,712	2,230,268	301.61	65.10
2018	2.51	7,814,383	2,732,217	286.01	64.00
2017	2.81	9,550,833	2,851,310	334.96	60.30
2016	2.42	7,510,772	3,071,142	244.56	63.50
2015	2.63	8,139,165	3,312,178	245.73	63.80

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

Richmond Behavioral Health Authority

Required Supplementary Information
Schedule of Pension Contributions – RRS Retirement Plan
June 30, 2024

Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 1,384,701	$ 1,384,701	$ -	$ 1,496,574	92.52 %
2023	1,356,863	1,356,863	-	1,399,178	96.98
2022	1,667,788	1,667,788	-	1,915,971	87.05
2021	1,652,533	1,652,533	-	1,921,066	86.02
2020	1,090,640	1,090,640	-	2,039,026	53.49
2019	1,028,295	1,028,295	-	2,082,537	49.38
2018	1,024,564	1,024,564	-	2,230,268	45.94
2017	1,077,412	1,077,412	-	2,732,217	39.43
2016	1,268,797	1,268,797	-	2,851,310	44.50
2015	1,123,560	1,123,560	-	3,071,142	36.58

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

Richmond Behavioral Health Authority

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

	Plan Year		
	2024	**2023**	**2022**
Total OPEB Liability			
Service cost	$ 660,714	$ 648,107	$ 481,471
Interest on total OPEB liability	189,206	162,402	80,743
Difference between expected and actual experience	(1,141,192)	-	(89,511)
Changes in assumptions	(4,548)	(38,275)	350,136
Employer contributions	(214,765)	(162,715)	(117,168)
Net change in total OPEB liability	(510,585)	609,519	705,671
Total OPEB liability – beginning	4,630,383	4,020,864	3,315,193
Total OPEB liability – ending	4,119,798	4,630,383	4,020,864
Plan Fiduciary Net Position			
Contributions – employer	214,765	162,715	117,168
Benefit payments	(214,765)	(162,715)	(117,168)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position – beginning	-	-	-
Plan fiduciary net position – ending	-	-	-
Net OPEB liability – ending	**$ 4,119,798**	**$ 4,630,383**	**$ 4,020,864**
Plan fiduciary net position as a percentage of total OPEB liability	**0%**	**0%**	**0%**
Covered payroll	**$ 50,376,946**	**$ 38,596,135**	**$ 37,651,766**
Net OPEB liability as a percentage of covered payroll	**8%**	**12%**	**11%**

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

Plan Year			
2021	**2020**	**2019**	**2018**
$ 458,649	$ 232,257	$ 207,958	$ 213,911
72,471	86,537	85,146	74,255
-	(186,260)	-	-
20,043	571,442	91,300	(82,641)
(113,129)	(134,100)	(137,294)	(105,091)
438,034	569,876	247,110	100,434
2,877,159	2,307,283	2,060,173	1,959,739
3,315,193	2,877,159	2,307,283	2,060,173
113,129	134,100	137,294	105,091
(113,129)	(134,100)	(137,294)	(105,091)
-	-	-	-
-	-	-	-
-	-	-	-
$ 3,315,193	**$ 2,877,159**	**$ 2,307,283**	**$ 2,060,173**
0%	**0%**	**0%**	**0%**
$ 33,565,182	**$ 34,114,174**	**$ 19,288,819**	**$ 19,288,819**
10%	**8%**	**12%**	**11%**

Richmond Behavioral Health Authority

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

Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 214,765	$ 214,765	$ -	$ 50,376,946	0.43 %
2023	162,715	162,715	-	38,596,135	0.42
2022	117,168	117,168	-	37,651,766	0.31
2021	113,129	113,129	-	33,565,182	0.34
2020	134,100	134,100	-	34,114,174	0.39
2019	137,294	137,294	-	19,288,819	0.71
2018	105,091	105,091	-	19,288,819	0.54

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

Note 1 – Methods and Assumptions Used to Determine Contribution Rates – Richmond Retirement System

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay over a closed period not to exceed 30 years for police and fire employees; level dollar amount over a closed period not to exceed 30 years for general members.
Remaining amortization period	Unfunded liability amortized over 12 years as of July 1, 2019 with 9 years remaining as of July 1, 2022. Cost of 2019 VRIP amortized over 3 years as of July 1, 2020 with 1 year remaining as of July 1, 2022. Other new bases are amortized over 20 years.
Asset valuation method	Five-year spread of actual over expected investment earnings with the restriction that the resulting value must be within 90%-110% of market value.
Inflation	2.50%
Salary increases – general employees	2.50% to 4.00%
Investment rate of return	7.00%
Retirement age – general employees	20% in 1st year of unreduced retirement eligibility; 10% at age 55 increasing to 100% at age 75.
Retirement age – police and fire employees	25% in 1st year of unreduced retirement eligibility; 10% at age 50 increasing to 100% at age 65.
Mortality – general employees	Pub-2010 Below Median Income Table for General Employees
Mortality – police and fire employees	Pub-2010 Below Median Income Table for Safety Employees

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Compliance Section

BROWN EDWARDS
certified public accountants

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

To the Board of Directors
Richmond Behavioral Health Authority
Richmond, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Richmond Behavioral Health Authority (the "Authority"), a component unit of the City of Richmond, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 18, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
December 18, 2024

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

To the Board of Directors
Richmond Behavioral Health Authority
Richmond, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Richmond Behavioral Health Authority's (the "Authority"), a component unit of the City of Richmond, Virginia, compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended June 30, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
December 18, 2024

Richmond Behavioral Health Authority

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Department of Education			
Pass-Through Payments:			
Virginia Department of Behavioral Health and Developmental Services:			
Special Education – Grants for Infants and Families	84.181	430850090	$ 465,081
Department of Health and Human Services			
Direct payments:			
Projects for Assistance in Transition from Homelessness	93.150	N/A	165,221
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	N/A	724,841
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	N/A	1,421,243
Pass-Through Payments:			
Virginia Department of Behavioral Health and Developmental Services:			
Opioid State Targeted Response	93.788	5014310	595,152
Block Grants for Community Mental Health Services	93.958	501380000 501390000	2,464,153
Block Grants for Prevention and Treatment of Substance Abuse	93.959	501490000 501790000	3,406,983
Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	Not available	320
Virginia Department of Social Services			
Temporary Assistance for Needy Families	93.558	BEN-08-007-27	285,123
Total Department of Health and Human Services			9,063,036
Department of Housing and Urban Development			
Pass-Through Payments:			
City of Richmond, Virginia			
Emergency Shelter Grants Program	14.231	4617-2233-09505	110,316
Office of Community Planning and Development			
Continuum of Care Program	14.267	Not available	286,578
Total Department of Housing and Urban Development			396,894
Department of Treasury			
Pass-Through Payments:			
Virginia Department of Behavioral Health and Developmental Services:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	445006	1,803,894
Department of Justice			
Direct payments:			
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	317,359
Total expenditures of federal awards			**$ 12,046,264**

Notes:

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the Authority and is presented on the accrual basis of accounting. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

The Authority did not elect to use the 10% de minimis indirect cost rate.

At June 30, 2024, the Authority had no outstanding loan balances requiring continuing disclosure.

Richmond Behavioral Health Authority

Summary of Compliance Matters

June 30, 2024

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

State Compliance Matters

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

Federal Compliance Matters

Compliance Supplement for Single Audits of State and Local Governments

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

Richmond Behavioral Health Authority

Schedule of Findings and Questioned Costs

June 30, 2024

A – Summary of Auditor's Results

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

	Assistance Listing #
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027
Block Grants for the Prevention and Treatment of Substance Abuse	93.959

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

B – Findings – Financial Statement Audit

None.

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

None.

D – Findings – Commonwealth of Virginia

None.