

# **GOOCHLAND-POWHATAN COMMUNITY SERVICES**

## **FINANCIAL AND COMPLIANCE REPORTS**

**YEAR ENDED JUNE 30, 2024**



---

ASSURANCE, TAX & ADVISORY SERVICES

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## TABLE OF CONTENTS

### INTRODUCTORY SECTION

|                                                  |    |
|--------------------------------------------------|----|
| Board of Directors and Principal Management Team | i  |
| Organizational Chart                             | ii |

### FINANCIAL SECTION

|                                      |       |
|--------------------------------------|-------|
| Independent Auditor's Report         | 1 – 3 |
| Management's Discussion and Analysis | 4 – 5 |

#### *Basic Financial Statements:*

|                                                            |        |
|------------------------------------------------------------|--------|
| Statement of Net Position                                  | 6      |
| Statement of Revenues, Expenses and Change in Net Position | 7      |
| Statement of Cash Flows                                    | 8      |
| Notes to Financial Statements                              | 9 – 32 |

#### *Required Supplementary Information:*

|                                                                                                      |    |
|------------------------------------------------------------------------------------------------------|----|
| Schedule of Employer's Share of Net OPEB Liability – Group Life Insurance Program                    | 33 |
| Schedule of Employer Contributions – OPEB – Group Life Insurance Program                             | 34 |
| Notes to Required Supplementary Information – Other Postemployment Benefits                          | 35 |
| Schedule of Changes in the Board's Net Pension Asset and Related Ratios – Virginia Retirement System | 36 |
| Schedule of Board Contributions – Virginia Retirement System                                         | 37 |
| Notes to Required Supplementary Information – Virginia Retirement System                             | 38 |

#### *Supporting Schedules:*

|                                           |    |
|-------------------------------------------|----|
| Schedule of Insurance as of June 30, 2024 | 39 |
| Client Statistics                         | 40 |

---

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## TABLE OF CONTENTS (Continued)

| COMPLIANCE SECTION                                                                                                                                                                                                              |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Schedule of Expenditures of Federal Awards                                                                                                                                                                                      | 41      |
| Notes to Schedule of Expenditures of Federal Awards                                                                                                                                                                             | 42      |
| Independent Auditor's Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> | 43 – 44 |
| Independent Auditor's Report on Compliance for Each Major Federal Program<br>and Report on Internal Control Over Compliance Required by the Uniform Guidance                                                                    | 45 – 47 |
| Schedule of Findings and Questioned Costs                                                                                                                                                                                       | 48      |
| Summary Schedule of Prior Audit Findings                                                                                                                                                                                        | 49      |

---

# **INTRODUCTORY SECTION**

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## *Board of Directors*

### **Goochland County**

Parthenia Dinora

Sandra Leabough

Joyce Layne-Jordan

Crystal Neilson-Hall

Marcus Allen

### **Powhatan County**

Jackie Cahill

Michael Asip

James Babcock

Stephen Hancock

Linda Revels

## *Principal Management Team*

Cheryl Smith

Interim Executive Director/Senior  
Director of Finance

Carinne Kight

Senior Director of Administration

Irene Temple

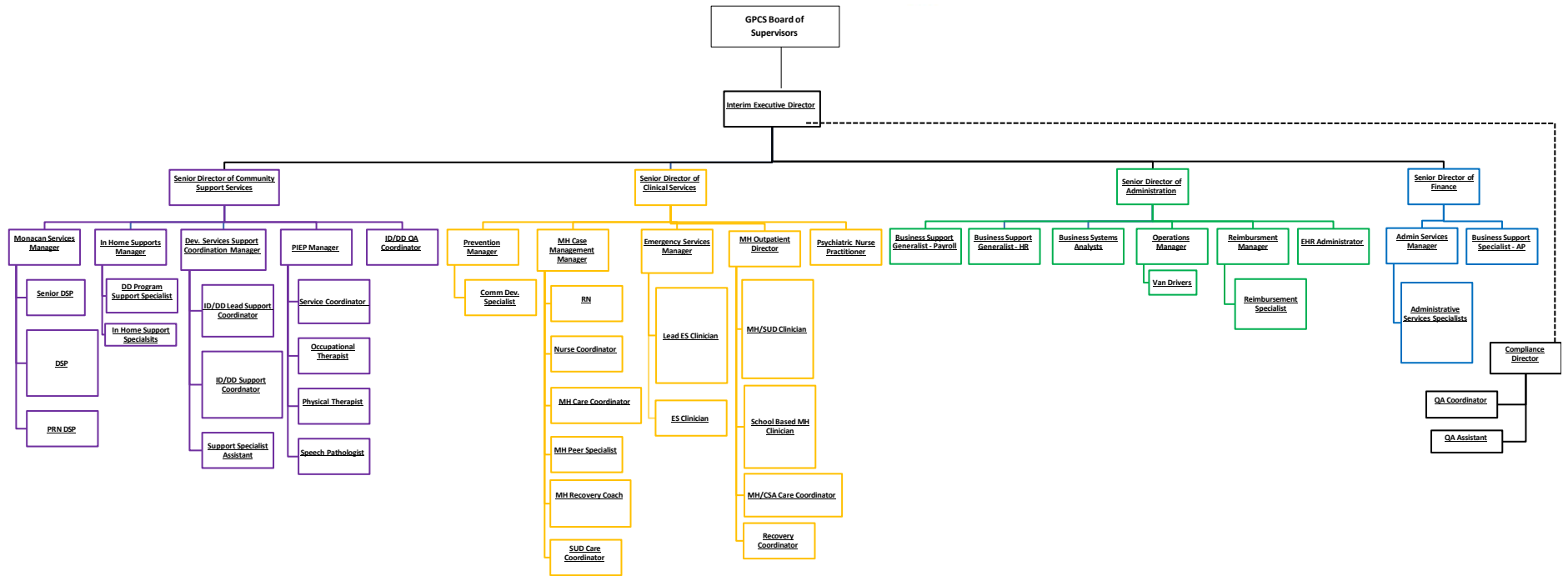
Senior Director of Clinical Services

Lateshia Brown

Senior Director of Community  
Support Services

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## ORGANIZATIONAL CHART



## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors  
Goochland-Powhatan Community Services

### Report on the Audit of the Financial Statements

#### *Opinion*

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Board, as of June 30, 2024, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts for the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our 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 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 the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 4-5 and 33-38, respectively, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2024 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

*YB Mares, LLP*

Harrisonburg, Virginia  
November 18, 2024

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### Management's Discussion and Analysis June 30, 2024

The following management's discussion and analysis (MD&A) of the Goochland-Powhatan Community Services (the Board) financial performance provides the reader with an overview to the financial statements of the Board for the fiscal year ended June 30, 2024.

The Board presents the following as part of its basic financial statements: (1) Statement of Net Position; (2) Statement of Revenues, Expenses and Change in Net Position; (3) Statement of Cash Flows; and (4) Notes to Financial Statements.

The Board's financial position is measured in terms of resources (assets) owned and obligations (liabilities) owed as of June 30, 2024. This information is reflected on the Statement of Net Position. The excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources is the net position.

Information reflecting the results of operations and other changes in net position during the fiscal year 2024 is reported in the Statement of Revenues, Expenses and Change in Net Position. This statement reflects total revenues and total expenses for the fiscal year ended June 30, 2024 and the change in net position for the year.

The flow of cash resources into and out of the Board during the fiscal year is reflected on the Statement of Cash Flows. This statement also reflects the net increase in cash and cash equivalents for the year and the ending cash and cash equivalents as of June 30, 2024.

A summary of the Board's net position for fiscal years 2024 and 2023 is presented below.

#### SUMMARY OF NET POSITION

|                                                                   | 2024                | 2023                |
|-------------------------------------------------------------------|---------------------|---------------------|
| Assets:                                                           |                     |                     |
| Current assets                                                    | \$ 5,729,410        | \$ 4,914,027        |
| Capital assets (net of accumulated depreciation and amortization) | 1,553,876           | 1,411,894           |
| Other assets                                                      | 1,885,618           | 1,682,632           |
| <b>Total assets</b>                                               | <b>9,168,904</b>    | <b>8,008,553</b>    |
| Deferred outflows of resources:                                   |                     |                     |
| Pension plan and OPEB                                             | 143,599             | 153,504             |
| <b>Total deferred outflows of resources</b>                       | <b>143,599</b>      | <b>153,504</b>      |
| Liabilities:                                                      |                     |                     |
| Current liabilities                                               | 353,056             | 458,145             |
| Noncurrent liabilities                                            | 773,877             | 665,288             |
| <b>Total liabilities</b>                                          | <b>1,126,933</b>    | <b>1,123,433</b>    |
| Deferred inflows of resources:                                    |                     |                     |
| Pension plan and OPEB                                             | 358,718             | 508,593             |
| <b>Total deferred inflows of resources</b>                        | <b>358,718</b>      | <b>508,593</b>      |
| Net position:                                                     |                     |                     |
| Net investment in capital assets                                  | 1,123,104           | 1,067,863           |
| Restricted net position                                           | 1,885,618           | 1,682,632           |
| Unrestricted                                                      | 4,818,130           | 3,779,536           |
| <b>Total net position</b>                                         | <b>\$ 7,826,852</b> | <b>\$ 6,530,031</b> |

A summary of the Board's revenues, expenses and change in net position for fiscal years 2024 and 2023 is presented below.

#### **SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

|                                  | 2024                       | 2023                       |
|----------------------------------|----------------------------|----------------------------|
| Operating revenues               | \$ 2,348,162               | \$ 2,124,897               |
| Operating expenses               | 8,006,988                  | 6,552,210                  |
| <b>Operating loss</b>            | <b>(5,658,826)</b>         | <b>(4,427,313)</b>         |
| Nonoperating revenues (expenses) | 6,955,647                  | 5,154,007                  |
| <b>Change in net position</b>    | <b>1,296,821</b>           | <b>726,694</b>             |
| Net position, beginning of year  | 6,530,031                  | 5,803,337                  |
| Net position, end of year        | <u><u>\$ 7,826,852</u></u> | <u><u>\$ 6,530,031</u></u> |

Operating revenues are generated from providing patient services with the substantial majority of this revenue generated from Medicaid. In fiscal year 2024, Medicaid income represented over 75% of the Board's total operating revenues.

#### **Capital Assets and Debt Administration**

##### ***Capital Assets***

On June 30, 2024, the Board had \$1,553,876 in net capital assets comprised primarily of land, buildings and improvements, software, and equipment and vehicles.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 3058 River Road West, Goochland, Virginia 23063.

## **BASIC FINANCIAL STATEMENTS**

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## STATEMENT OF NET POSITION

June 30, 2024

| <b>ASSETS</b>                                                      |                     |
|--------------------------------------------------------------------|---------------------|
| Current Assets                                                     |                     |
| Cash and cash equivalents                                          | \$ 4,994,676        |
| Accounts receivable, less allowance for uncollectibles             | 376,644             |
| Due from other governments                                         | 118,101             |
| Deposits                                                           | 10,871              |
| Prepaid items                                                      | 229,118             |
| <b>Total current assets</b>                                        | <b>5,729,410</b>    |
| Noncurrent Assets                                                  |                     |
| Capital assets:                                                    |                     |
| Land, property, intangible right-to-use assets, and equipment, net | 1,553,876           |
| Net pension asset                                                  | 1,885,618           |
| <b>Total noncurrent assets</b>                                     | <b>3,439,494</b>    |
| <b>Total assets</b>                                                | <b>9,168,904</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                              |                     |
| Pension Plan                                                       | 56,847              |
| Other Postemployment Benefits                                      | 86,752              |
| <b>Total deferred outflows of resources</b>                        | <b>143,599</b>      |
| <b>LIABILITIES</b>                                                 |                     |
| Current Liabilities                                                |                     |
| Accounts payable and accrued expenses                              | 77,529              |
| Unearned revenue                                                   | 82,606              |
| Compensated absences                                               | 37,789              |
| Long-term leases payable, current portion                          | 77,851              |
| Long-term subscription liability, current portion                  | 77,281              |
| <b>Total current liabilities</b>                                   | <b>353,056</b>      |
| Noncurrent Liabilities                                             |                     |
| Compensated absences                                               | 305,747             |
| Long-term leases payable, less current portion                     | 169,590             |
| Long-term subscription liability, less current portion             | 106,050             |
| Other postemployment benefits                                      | 192,490             |
| <b>Total noncurrent liabilities</b>                                | <b>773,877</b>      |
| <b>Total liabilities</b>                                           | <b>1,126,933</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                     |
| Pension Plan                                                       | 331,077             |
| Other Postemployment Benefits                                      | 27,641              |
| <b>Total deferred inflows of resources</b>                         | <b>358,718</b>      |
| <b>NET POSITION</b>                                                |                     |
| Net Investment in Capital Assets                                   | 1,123,104           |
| Restricted Net Position                                            | 1,885,618           |
| Unrestricted                                                       | 4,818,130           |
| <b>Total net position</b>                                          | <b>\$ 7,826,852</b> |

See Notes to Financial Statements.

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION Year Ended June 30, 2024

|                                   |                    |
|-----------------------------------|--------------------|
| Operating Revenues                |                    |
| Net patient service revenue       | \$ 2,348,162       |
| Operating Expenses                |                    |
| Salaries and benefits             | 6,547,248          |
| SOR expenses                      | 307,247            |
| Staff development                 | 39,188             |
| Facility                          | 118,539            |
| Supplies                          | 80,344             |
| Travel                            | 91,645             |
| Contractual and consulting        | 411,056            |
| Depreciation and amortization     | 257,861            |
| Other                             | 153,860            |
| <b>Total operating expenses</b>   | <b>8,006,988</b>   |
| <b>Operating loss</b>             | <b>(5,658,826)</b> |
| Nonoperating Revenues (Expenses)  |                    |
| Grants and appropriations:        |                    |
| Commonwealth of Virginia          | 4,176,380          |
| Federal government                | 1,196,262          |
| Local governments                 | 784,624            |
| Interest expense                  | (26,980)           |
| Other                             | 825,361            |
| <b>Nonoperating revenues, net</b> | <b>6,955,647</b>   |
| <b>Change in net position</b>     | <b>1,296,821</b>   |
| Net Position, beginning of year   | 6,530,031          |
| Net Position, end of year         | \$ 7,826,852       |

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

|                                                                                    |                            |
|------------------------------------------------------------------------------------|----------------------------|
| Cash Flows from Operating Activities                                               |                            |
| Receipts from customers                                                            | \$ 2,247,791               |
| Payments to suppliers                                                              | (1,406,592)                |
| Payments to and for employees                                                      | (6,841,682)                |
| <b>Net cash used in operating activities</b>                                       | <b>(6,000,483)</b>         |
| Cash Flows from Noncapital and Related Financing Activities                        |                            |
| Government grants and appropriations                                               | 6,016,127                  |
| Other                                                                              | 825,361                    |
| <b>Net cash provided by noncapital and related financing activities</b>            | <b>6,841,488</b>           |
| Cash Flows from Capital and Related Financing Activities                           |                            |
| Proceeds from sale of capital assets                                               | 297,860                    |
| Interest payments on long-term debt                                                | (26,980)                   |
| Principal payments on long-term debt                                               | (150,492)                  |
| Acquisition of capital assets                                                      | (258,137)                  |
| <b>Net cash used in capital and related financing activities</b>                   | <b>(137,749)</b>           |
| <b>Net increase in cash and cash equivalents</b>                                   | <b>703,256</b>             |
| Cash and Cash Equivalents, beginning of year                                       | 4,291,420                  |
| Cash and Cash Equivalents, end of year                                             | <u><u>\$ 4,994,676</u></u> |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities          |                            |
| Operating loss                                                                     | \$ (5,658,826)             |
| Adjustments to reconcile operating loss to net cash used in operating activities:  |                            |
| Depreciation and amortization                                                      | 257,861                    |
| Gain on disposal of capital assets                                                 | (202,333)                  |
| Pension expense                                                                    | (304,152)                  |
| Other postemployment benefit expense                                               | (4,782)                    |
| Adjustment to bad debt allowance                                                   | (23,062)                   |
| Changes in assets and liabilities:                                                 |                            |
| Accounts receivable                                                                | (77,309)                   |
| Prepaid items                                                                      | (68,861)                   |
| Accounts payable and accrued expenses                                              | 27,293                     |
| Compensated absences                                                               | 66,563                     |
| Deferred outflows of resources - contributions made subsequent to measurement date | (12,875)                   |
| <b>Net cash used in operating activities</b>                                       | <b>\$ (6,000,483)</b>      |
| Supplemental Disclosure of Noncash Capital Activities                              |                            |
| Right-to-use asset acquired through SBITA                                          | \$ 237,233                 |
| Debt acquired through SBITA                                                        | (237,233)                  |

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies

**Description and purpose of the Board:** Goochland-Powhatan Community Services (the Board) operates as an agent for the counties of Goochland and Powhatan in the establishment and operation of community mental health, intellectual disabilities, and substance abuse programs as provided for in Chapter 10 of Title 37.2 of the *Code of Virginia* (1950), relating to the Department of Behavioral Health and Departmental Services. In addition, the Board provides a system of community mental health and intellectual disability and substance abuse services, which relate to and are integrated with existing and planned programs. The Board was established in 1982.

The financial statements of the Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB), the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and guidance issued by the Department of Behavioral Health and Departmental Services. The Board's more significant accounting policies are described herein.

**Reporting entity:** For financial reporting purposes, in conformance with GAAP, the Board includes all organizations for which it is considered financially accountable. The members of the Board also appoint the Board of Directors of Cedarwood Residential, Inc., which is exempt from taxation under Internal Revenue Code Section 501(c)(2). Accordingly, Cedarwoods Residential, Inc. has been included as a blended component unit of the Board in accordance with GASB.

**Financial statement presentation:** For entities like the Board that are engaged solely in business-type activities, the basic financial statements include:

1. *Statement of Net Position* – The Statement of Net Position is designed to display the financial position of the Board. The net position of the Board is broken down into three categories – (1) net investment in capital assets, (2) restricted, and (3) unrestricted.
2. *Statement of Revenues, Expenses and Change in Net Position* – The Statement of Revenues, Expenses and Change in Net Position is designed to display the financial activities of the Board for the period.
3. *Statement of Cash Flows* – The Statement of Cash Flows is prepared using the direct method and is designed to display the yearly transactions that impacted cash and cash equivalents.
4. *Notes to Financial Statements.*

**Measurement focus and basis of accounting:** The Board's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, wherein revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Nonexchange transactions, in which the Board receives value without directly giving equal value in exchange, include grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Changes in financial position are distinguished between operating revenues and expenses and nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Board's principal ongoing operations. Nonoperating items include nonexchange revenues and interest revenues and expenses.

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

**Use of estimates:** The preparation of financial statements in conformity with GAAP 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:** Cash and cash equivalents include cash on hand, checking and savings accounts, and short-term highly liquid investments. The Board maintains cash accounts with financial institutions in accordance with the Virginia Security for Public Deposits Act of the *Code of Virginia* (the Act). The Act requires financial institutions to meet specific collateralization requirements. For reporting purposes, the Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Accounts receivable – client services:** Revenue and related receivables for healthcare services are recorded at the Board's full established rates. Amounts receivable from third-party payors for healthcare services are usually less than the Board's full established rates. The realizable amounts are generally determined by contractual agreements with the third-party payor (e.g. Medicaid). The provision for contractual adjustments (difference between established rates and third-party payor payments) and discounts (difference between established rates and amounts collectible) are deducted from gross accounts receivable to determine accounts receivable – net client services.

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

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

A significant majority of fees collected result from Medicaid billings. An allowance for doubtful client accounts has been estimated by management to equal all client balances older than 90 days, totaling \$37,872 at June 30, 2024.

**Capital assets:** Capital asset acquisitions that cost \$5,000 or more are capitalized and recorded at cost (except for intangible right-to-use assets, the measurement of which is described under leases and subscription-based information technology arrangements on the following page). Depreciation or amortization is provided over the estimated useful life of each class of depreciable assets ranging from 3 to 30 years and is computed using the straight-line method. Donated capital assets are recorded at their estimated acquisition value at the time of the gift. There are no impaired capital assets.

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

**Leases:** The Board is a lessee for a non-cancellable lease of office space and equipment. The Board recognizes a lease liability and intangible right-to-use lease assets in the basic financial statements.

At the commencement of a lease, the Board initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The intangible right-to-use lease assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the intangible right-to-use lease assets are amortized on a straight-line basis over its useful life.

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

-The Board uses a discount rate for leases based on the general market.

-The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments that the Board is reasonably certain to exercise.

The Board monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the intangible right-to-use lease assets and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Intangible right-to-use lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

**Deferred outflows/inflows of resources:** In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. For more detailed information on these items, reference the pension plan and other postemployment benefit plan notes.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For more detailed information on these items, reference the pension plan and other postemployment benefits notes.

**Subscription-based information technology arrangements (SBITAs):** For new or modified contracts, the Board determines whether the contract is a subscription-based information technology arrangement (SBITA). If a contract is determined to be, or contain, a SBITA with a non-cancellable term in excess of 12 months (including any options to extend or terminate the subscription when exercise is reasonably certain), the Board records a right-to-use subscription asset (intangible asset) and subscription liability which is calculated based on the value of the discounted future subscription payments over the term of the subscription. If the interest rate implicit in the subscription is not readily determinable, the Board will use the applicable incremental borrowing rate in the calculation of the present value of the subscription payments.

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

---

### Note 1. Summary of Significant Accounting Policies (Continued)

**Subscription-based information technology arrangements (SBITAs) (continued):** The Board recognizes a subscription liability and right-to-use subscription asset on the Statement of Net Position. Subscriptions with an initial, non-cancellable term of 12 months or less are not recorded on the Statement of Net Position and expense is recognized as incurred over the subscription term.

At the commencement of a SBITA, the Board measures the subscription liability at the present value of payments expected to be made during the subscription term and then reduces the liability by the principal portion of the subscription payments made. The right-to-use subscription asset is measured at the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs, then amortized on a straight-line basis over the subscription term.

Subscription payments are apportioned between interest expense and principal based on an amortization schedule calculated using the effective interest method.

**Compensated absences:** The Board's employees earn annual leave (vacation pay and sick leave) in varying amounts and can accumulate leave based on length of service. All full-time employees earn sick leave at a rate of 11 hours per month. Sick leave for full-time Hybrid Plan employees is capped at 200 hours. Legacy employees do not have a cap on the amount of sick leave that can be earned. Permanent part-time employees accrue sick leave on a pro-rated basis, rounded up to the nearest half hour. Temporary, hourly, and relief employees do not accrue sick leave. Maximum annual leave accumulation hours are the hours allowable at the time of separation or at the end of any calendar year.

Employees terminating their employment are paid their accumulated annual leave up to the maximum limit, based on years of employment. Unused sick leave is paid at the date of separation at 25% of the total up to a maximum amount of \$3,000.

Compensated absences have been reported as a current liability for that amount expected to be paid out in the upcoming fiscal year, with the balance as a noncurrent liability.

**Net position and net position flow assumption:** Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets including right-to-use assets, less accumulated depreciation and amortization, less any outstanding debt related to the acquisition, construction or improvement of those assets.

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

**Pensions:** The Virginia Retirement System (VRS) Political Subdivision Retirement Plan (the Board's retirement plan) is a multi-employer, agent defined benefit plan. 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 Board's retirement plan and the additions to/deductions from the Board's retirement plan's fiduciary net position have been determined on the same basis as they were reported by the 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.

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

---

### **Note 1. Summary of Significant Accounting Policies (Continued)**

**Group life insurance:** The VRS Group Life Insurance (GLI) Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to Section 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. The GLI Program is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI Program OPEB's 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.

**Fiscal agent:** The County of Goochland, Virginia (County) is the fiscal agent for the Board.

**Subsequent events:** The Board has evaluated subsequent events through November 18, 2024, the date on which the financial statements were available to be issued.

### **Note 2. Risk Management**

The Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Board participates 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, a maximum coverage of \$3,000,000 for property and related coverage, and \$250,000 for employee dishonesty. The Board participates in the Virginia Association of Counties Group Self Insurance Risk Pool for comprehensive property and casualty coverage, a general liability coverage (claims made), automobile coverage, and employer's liability. Certain other risks are covered by commercial insurance policies. Management believes that the above-described coverage is sufficient to preclude any significant uninsured losses to the Board. The Board's risk exposure is anticipated to be limited to policy deductibles. There have been no settlements in excess of insurance coverage in the past three years.

### **Note 3. Deposits and Investments**

The Board's primary deposit account is maintained by the County of Goochland. The Board also maintains four additional deposit accounts, two of which are considered a part of their blended component unit, Cedarwoods Residential, Inc.

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

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO FINANCIAL STATEMENTS

---

#### Note 3. Deposits and Investments (Continued)

The two accounts included in the Cedarwoods Residential Inc. blended component unit are not considered public deposits and thus do not have a policy to protect against custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2024, the Board's bank balance in these accounts was \$320,788 and \$70,788 of that amount is in excess of insured limits.

The Board had no investments at June 30, 2024 subject to fair value measurements.

#### Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2024 is summarized below:

|                                                                | Beginning<br>Balance | Increases      | Deletions        | Ending<br>Balance |
|----------------------------------------------------------------|----------------------|----------------|------------------|-------------------|
| Capital assets not being depreciated or amortized:             |                      |                |                  |                   |
| Land                                                           | \$ 305,690           | \$ -           | \$ (15,000)      | \$ 290,690        |
| <b>Total capital assets not being depreciated or amortized</b> | <b>305,690</b>       | <b>-</b>       | <b>(15,000)</b>  | <b>290,690</b>    |
| Capital assets being depreciated or amortized:                 |                      |                |                  |                   |
| Land improvements                                              | 80,800               | -              | -                | 80,800            |
| Buildings and improvements                                     | 1,286,636            | 80,291         | (178,457)        | 1,188,470         |
| Furnishings and equipment                                      | 122,934              | 25,210         | -                | 148,144           |
| Vehicles                                                       | 652,002              | 152,636        | -                | 804,638           |
| Intangible right-to-use leased furnishings and equipment       | 59,650               | -              | -                | 59,650            |
| Intangible right-to-use leased building and improvements       | 381,135              | -              | -                | 381,135           |
| Right-to-use subscription asset                                | 101,159              | 237,233        | (101,159)        | 237,233           |
| <b>Total capital assets being depreciated or amortized</b>     | <b>2,684,316</b>     | <b>495,370</b> | <b>(279,616)</b> | <b>2,900,070</b>  |
| Less accumulated depreciation and amortization                 | 1,578,112            | 257,861        | (199,089)        | 1,636,884         |
| <b>Net capital assets being depreciated or amortized</b>       | <b>1,106,204</b>     | <b>237,509</b> | <b>(80,527)</b>  | <b>1,263,186</b>  |
| Net capital assets                                             | \$ 1,411,894         | \$ 237,509     | \$ (95,527)      | \$ 1,553,876      |

#### Note 5. Lease Agreements

The Board leases office space from the County of Powhatan. The lease expires May 31, 2027. An initial lease liability was recorded in the amount of \$189,720. A remeasurement was done in December 2022, increasing the lease liability to \$381,135. As of June 30, 2024, the value of the lease liability was \$207,142. The Board is required to make monthly principal and interest payments of approximately \$6,137. The lease has an interest rate of 4.23%. The value of the intangible right-to-use asset as of the end of the current fiscal year was \$381,135 and the accumulated amortization was \$190,567.

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Lease Agreements (Continued)

The Board leases two pieces of equipment, a copier and a mail machine. The copier lease expires on February 28, 2028 and the mail machine lease expires March 29, 2026. An initial lease liability was recorded for the copier at \$45,000 and the mail machine at \$14,650. As of June 30, 2024, the total lease liability for these two pieces of equipment totaled \$40,299. The Board is required to make monthly principal and interest payments of approximately \$1,742. The copier lease has an interest rate of 7.70% and the mail machine lease has an interest rate of 3.28%. The value of the intangible right-to-use asset for these two pieces of equipment as of the end of the current fiscal year was \$59,650 and the accumulated amortization was \$21,984.

The future principal and interest lease payments as of June 30, 2024, were as follows:

| Fiscal Year Ending June 30, | Principal         | Interest         | Total             |
|-----------------------------|-------------------|------------------|-------------------|
| 2025                        | \$ 77,851         | \$ 10,007        | \$ 87,858         |
| 2026                        | 80,652            | 6,370            | 87,022            |
| 2027                        | 81,895            | 2,621            | 84,516            |
| 2028                        | 7,043             | -                | 7,043             |
| <b>Totals</b>               | <b>\$ 247,441</b> | <b>\$ 18,998</b> | <b>\$ 266,439</b> |

### Note 6. Subscription Agreements

During the previous fiscal year, the Board entered into a subscription agreement as lessee for software for fourteen months. An initial subscription liability was recorded in the amount of \$101,159. In the current fiscal year, that agreement ended and a new subscription agreement for software started, which lasts for thirty-six months. As of June 30, 2024, the value of the subscription liability was \$183,331. The Board is required to make annual principal and interest payments in the amount of \$7,468. The subscription has an interest rate of 8.31%. The value of the right-to-use subscription asset as of June 30, 2024 was \$237,233 and had accumulated amortization of \$59,308.

Annual requirements to amortize subscription liabilities are as follows:

| Fiscal Year Ending June 30, | Principal         | Interest         | Total             |
|-----------------------------|-------------------|------------------|-------------------|
| 2025                        | \$ 77,281         | \$ 12,335        | \$ 89,616         |
| 2026                        | 83,953            | 5,663            | 89,616            |
| 2027                        | 22,097            | 307              | 22,404            |
| <b>Totals</b>               | <b>\$ 183,331</b> | <b>\$ 18,305</b> | <b>\$ 201,636</b> |

### Note 7. Long-Term Obligations

Long-term obligation activity for the year ended June 30, 2024 is summarized as follows:

|                              | Beginning<br>Balance | Increases         | Decreases         | Ending<br>Balance | Due Within<br>One Year |
|------------------------------|----------------------|-------------------|-------------------|-------------------|------------------------|
| Compensated Absences         | \$ 276,973           | \$ 380,600        | \$ 314,037        | \$ 343,536        | \$ 37,789              |
| Leases Payable               | 321,824              | -                 | 74,383            | 247,441           | 77,851                 |
| Subscription Payable         | 22,207               | 237,233           | 76,109            | 183,331           | 77,281                 |
| <b>Long-term liabilities</b> | <b>\$ 621,004</b>    | <b>\$ 617,833</b> | <b>\$ 464,529</b> | <b>\$ 774,308</b> | <b>\$ 192,921</b>      |

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

---

### Note 8. Pension Plan

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent Multiple-Employer Pension Plan

Administering Entity: Virginia Retirement System (System)

#### A. Plan Description

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

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

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

#### Employees Covered by Benefit Terms

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

|                                                                      | Number     |
|----------------------------------------------------------------------|------------|
| Inactive members or their beneficiaries currently receiving benefits | 45         |
| Inactive members:                                                    |            |
| Vested                                                               | 31         |
| Non-vested                                                           | 31         |
| Active elsewhere in VRS                                              | 26         |
| Active members                                                       | 61         |
| <b>Total covered employees</b>                                       | <b>194</b> |

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO FINANCIAL STATEMENTS

---

#### Note 8. Pension Plan (Continued)

##### A. Plan Description (Continued)

###### **Contributions**

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

The Board's contractually required contribution rate for the year ended June 30, 2024 was 2.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Board were \$56,847 and \$49,600 for the years ended June 30, 2024 and 2023, respectively.

##### B. Net Pension Asset

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

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO FINANCIAL STATEMENTS

---

#### Note 8. Pension Plan (Continued)

##### B. Net Pension Asset (Continued)

###### Actuarial Assumptions

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

|                                       |                                                                                                                                                              |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation                             | 2.50%                                                                                                                                                        |
| Salary increases, including inflation | 3.50% – 5.35%                                                                                                                                                |
| Investment rate or return             | 6.75%, net of pension plan investment expense, including inflation                                                                                           |
| Mortality Rates:                      | 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 rate 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, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

|                                                                         |                                                                                                                                                        |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to PUB2010 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 year age and service through nine years of service                                                     |
| Disability Rates                                                        | No change                                                                                                                                              |
| Salary Scale                                                            | No change                                                                                                                                              |
| Discount Rate                                                           | No change                                                                                                                                              |

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Pension Plan (Continued)

#### B. Net Pension Asset (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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

\* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.14%, including expected inflation of 2.50%.

\*\* On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45<sup>th</sup> 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%.

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Pension Plan (Continued)

#### B. Net Pension Asset (Continued)

##### **Discount Rate**

The discount rate used to measure the total pension asset was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2024, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension asset.

#### C. Changes in the Net Pension Asset

|                                                                  | Increase (Decrease)        |                               |                      |
|------------------------------------------------------------------|----------------------------|-------------------------------|----------------------|
|                                                                  | Total Pension<br>Liability | Plan Fiduciary<br>Net Pension | Net Pension<br>Asset |
| Balances at June 30, 2022                                        | \$ 9,669,028               | \$ 11,351,660                 | \$ (1,682,632)       |
| Changes for the year:                                            |                            |                               |                      |
| Service cost                                                     | 301,035                    | -                             | 301,035              |
| Interest                                                         | 657,421                    | -                             | 657,421              |
| Difference between expected and<br>actual experience             | (217,183)                  | -                             | (217,183)            |
| Contributions – employer                                         | -                          | 49,600                        | (49,600)             |
| Contributions – employee                                         | -                          | 172,419                       | (172,419)            |
| Net investment income                                            | -                          | 729,263                       | (729,263)            |
| Benefit payments, including refunds<br>of employee contributions | (460,992)                  | (460,992)                     | -                    |
| Administrative expense                                           | -                          | (7,316)                       | 7,316                |
| Other changes                                                    | -                          | 293                           | (293)                |
| Net changes                                                      | 280,281                    | 483,267                       | (202,986)            |
| Balances at June 30, 2023                                        | \$ 9,949,309               | \$ 11,834,927                 | \$ (1,885,618)       |

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Pension Plan (Continued)

#### C. Changes in the Net Pension Asset (Continued)

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

The following presents the net pension asset of the Board, using the discount rate of 6.75%, as well as what the Board's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

|                           | 1% Decrease<br>(5.75%) | Current<br>Discount Rate<br>(6.75%) | 1% Increase<br>(7.75%) |
|---------------------------|------------------------|-------------------------------------|------------------------|
| Board's net pension asset | \$ (481,034)           | \$ (1,885,618)                      | \$ (2,973,940)         |

#### D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the Board recognized pension expense of \$(254,552). At June 30, 2024, the Board also reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|----------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                               | \$ -                                 | \$ (148,955)                        |
| Net difference between projected and actual earnings on pension plan investments | -                                    | (182,122)                           |
| Employer contributions subsequent to the measurement date                        | 56,847                               | -                                   |
| <b>Total</b>                                                                     | <b>\$ 56,847</b>                     | <b>\$ (331,077)</b>                 |

The \$56,847 reported as deferred outflows of resources related to pensions resulting from the Board's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Amount              |
|----------------------|---------------------|
| 2025                 | \$ (250,063)        |
| 2026                 | (249,862)           |
| 2027                 | 163,112             |
| 2028                 | 5,736               |
|                      | <b>\$ (331,077)</b> |

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO FINANCIAL STATEMENTS

---

#### **Note 8. Pension Plan (Continued)**

##### **E. Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/Publications/2023-annual-report.pdf](http://varetire.org/pdf/Publications/2023-annual-report.pdf), or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

#### **Note 9. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program**

##### **A. Plan Description**

All full-time, salaried permanent employees of the Board are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment. This plan is 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 Program. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from the members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO FINANCIAL STATEMENTS

---

#### **Note 9. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)**

##### **A. Plan Description (Continued)**

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is set out in the table below:

| <b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Eligible Employees</b></p> <p>The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.</p> <p>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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>Benefit Amounts</b></p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none"><li>• Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li><li>• Accidental Death Benefit – The accidental death benefit is double the natural death benefit.</li><li>• Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none"><li>○ Accidental dismemberment benefit</li><li>○ Seatbelt benefit</li><li>○ Repatriation benefit</li><li>○ Felonious assault benefit</li><li>○ Accelerated death benefit option</li></ul></li></ul> |
| <p><b>Reduction in Benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the GLI Program 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.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under GLI Program. The minimum benefit 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 \$9,254 as of June 30, 2024.</p>                                                                                                                                                                                                                                                                                                                                                                                                                 |

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

---

### **Note 9. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)**

#### **B. Contributions**

The contribution requirements for the GLI Program are governed by Sections 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 Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the Board were \$26,046 and \$20,418 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The Board's proportionate share is reflected in the Statement of Revenues, Expenses and Change in Net Position as \$1,628 in the Commonwealth of Virginia grants and appropriations line.

#### **C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB**

At June 30, 2024, the Board reported a liability of \$192,490 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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 Program 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 participating employer's proportion was 0.01605% as compared to 0.01423% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$17,265 and the Commonwealth's special contribution of \$1,628. Since there was a change in the proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)

#### C. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

|                                                                                          | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                       | \$ 19,225                            | \$ (5,843)                          |
| Net difference between projected and actual investment earnings on OPEB plan investments | -                                    | (7,735)                             |
| Change in assumptions                                                                    | 4,115                                | (13,336)                            |
| Changes in proportionate share                                                           | 37,366                               | (727)                               |
| Employer contributions subsequent to the measurement date                                | 26,046                               | -                                   |
| <b>Total</b>                                                                             | <b>\$ 86,752</b>                     | <b>\$ (27,641)</b>                  |

The \$26,046 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year Ending June 30, | Amount           |
|----------------------|------------------|
| 2025                 | \$ 7,200         |
| 2026                 | 573              |
| 2027                 | 11,632           |
| 2028                 | 7,967            |
| 2029                 | 5,693            |
|                      | <b>\$ 33,065</b> |

#### D. Actuarial Assumptions

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

|                                        |                                                        |
|----------------------------------------|--------------------------------------------------------|
| Inflation                              | 2.5%                                                   |
| Salary increases, including inflation: |                                                        |
| Locality – general employees           | 3.5%-5.35%                                             |
| Investment rate of return              | 6.75%, net of investment expenses, including inflation |

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO FINANCIAL STATEMENTS

---

#### Note 9. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)

##### D. Actuarial Assumptions (Continued)

##### Mortality Rates – Non-Largest 10 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.

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

|                                                                               |                                                                                                                                                                   |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates<br>(pre-retirement, post-retirement<br>healthy, and disabled) | Updated to PUB2010 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 nine years of service.                                                          |
| Disability Rates                                                              | No change                                                                                                                                                         |
| Salary Scale                                                                  | No change                                                                                                                                                         |
| Discount Rate                                                                 | No change                                                                                                                                                         |

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO FINANCIAL STATEMENTS

---

#### **Note 9. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)**

##### **E. Net GLI OPEB Liability**

The net OPEB Liability (NOL) for the GLI Program represents the program's total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Program are as follows:

|                                                                             | Group Life<br>Insurance OPEB<br>Program |
|-----------------------------------------------------------------------------|-----------------------------------------|
| Total GLI OPEB liability                                                    | \$ 3,907,052,043                        |
| Plan fiduciary net position                                                 | <u>2,707,738,599</u>                    |
| <b>Employer's net GLI OPEB liability</b>                                    | <b><u>\$ 1,199,313,444</u></b>          |
| Plan fiduciary net position as a percentage of the total GLI OPEB liability | 69.30%                                  |

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.

##### **F. 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.

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

### Note 9. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)

#### F. Long-Term Expected Rate of Return (Continued)

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

\* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.14%, including expected inflation of 2.50%.

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

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO FINANCIAL STATEMENTS

---

#### **Note 9. Other Postemployment Benefits (OPEB) Plan – Group Life Insurance Program (Continued)**

##### **G. 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 ending June 30, 2023, the rate contributed by the Board for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 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.

##### **H. Sensitivity of the Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the Board's proportionate share of the net GLI OPEB Liability using the discount rate of 6.75%, as well as what the Board'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:

|                           | 1% Decrease<br>(5.75%) | Current<br>Discount Rate<br>(6.75%) | 1% Increase<br>(7.75%) |
|---------------------------|------------------------|-------------------------------------|------------------------|
| Plan's net OPEB liability | \$ 285,330             | \$ 192,490                          | \$ 117,428             |

##### **I. Group Life Insurance Program Fiduciary Net Position**

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2023-annual-report.pdf](http://varetire.org/Pdf/Publications/2023-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia, 23218-2500.

#### **Note 10. Due from Other Governments**

For the year ended June 30, 2024, the Board had \$103,316 due from the Virginia Department of Behavioral Health and Developmental Services for federal grant proceeds and \$14,785 from the Richmond Behavioral Health Authority for other revenue.

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## NOTES TO FINANCIAL STATEMENTS

### Note 11. Funding from Participating Localities

Appropriations from participating localities for the year ended June 30, 2024 were as follows:

|                     |    |                |
|---------------------|----|----------------|
| County of Goochland | \$ | 392,312        |
| County of Powhatan  |    | 392,312        |
|                     | \$ | <u>784,624</u> |

### Note 12. Blended Component Unit

The following table shows a condensed statement of net position as of June 30, 2024:

|                                                                   | Goochland-<br>Powhatan<br>Community<br>Services | Cedarwoods<br>Residential, Inc. | Total               |
|-------------------------------------------------------------------|-------------------------------------------------|---------------------------------|---------------------|
| <b>Assets:</b>                                                    |                                                 |                                 |                     |
| Current assets                                                    | \$ 5,408,622                                    | \$ 320,788                      | \$ 5,729,410        |
| Capital assets (net of accumulated depreciation and amortization) | 1,553,876                                       | -                               | 1,553,876           |
| Net pension asset                                                 | 1,885,618                                       | -                               | 1,885,618           |
| <b>Total assets</b>                                               | <u>8,848,116</u>                                | <u>320,788</u>                  | <u>9,168,904</u>    |
| <b>Deferred outflows of resources:</b>                            |                                                 |                                 |                     |
| Pension plan                                                      | 56,847                                          | -                               | 56,847              |
| Other postemployment benefits                                     | 86,752                                          | -                               | 86,752              |
| <b>Total deferred outflows of resources</b>                       | <u>143,599</u>                                  | <u>-</u>                        | <u>143,599</u>      |
| <b>Liabilities:</b>                                               |                                                 |                                 |                     |
| Current liabilities                                               | 353,056                                         | -                               | 353,056             |
| Noncurrent liabilities                                            | 773,877                                         | -                               | 773,877             |
| <b>Total liabilities</b>                                          | <u>1,126,933</u>                                | <u>-</u>                        | <u>1,126,933</u>    |
| <b>Deferred inflows of resources:</b>                             |                                                 |                                 |                     |
| Pension plan                                                      | 331,077                                         | -                               | 331,077             |
| Other postemployment benefits                                     | 27,641                                          | -                               | 27,641              |
| <b>Total deferred inflows of resources</b>                        | <u>358,718</u>                                  | <u>-</u>                        | <u>358,718</u>      |
| <b>Net position:</b>                                              |                                                 |                                 |                     |
| Net investment in capital assets                                  | 1,123,104                                       | -                               | 1,123,104           |
| Restricted net position                                           | 1,885,618                                       | -                               | 1,885,618           |
| Unrestricted                                                      | 4,497,342                                       | 320,788                         | 4,818,130           |
| <b>Total net position</b>                                         | <u>\$ 7,506,064</u>                             | <u>\$ 320,788</u>               | <u>\$ 7,826,852</u> |

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO FINANCIAL STATEMENTS

#### Note 12. Blended Component Unit (Continued)

The following table shows a condensed statement of revenues, expenses and change in net position for the year ended June 30, 2024:

|                                         | Goochland-<br>Powhatan<br>Community<br>Services | Cedarwoods<br>Residential, Inc. | Total               |
|-----------------------------------------|-------------------------------------------------|---------------------------------|---------------------|
| Operating revenues                      | \$ 2,340,122                                    | \$ 8,040                        | \$ 2,348,162        |
| Operating expenses                      | 7,999,251                                       | 7,737                           | 8,006,988           |
| <b>Operating income (loss)</b>          | <b>(5,659,129)</b>                              | <b>303</b>                      | <b>(5,658,826)</b>  |
| Nonoperating revenues and expenses, net | 6,753,314                                       | 202,333                         | 6,955,647           |
| <b>Change in net position</b>           | <b>1,094,185</b>                                | <b>202,636</b>                  | <b>1,296,821</b>    |
| Net position, beginning of year         | 6,411,879                                       | 118,152                         | 6,530,031           |
| Net position, end of year               | <u>\$ 7,506,064</u>                             | <u>\$ 320,788</u>               | <u>\$ 7,826,852</u> |

The following table shows a condensed statement of cash flows for the year ended June 30, 2024:

|                                                      | Goochland-<br>Powhatan<br>Community<br>Services | Cedarwoods<br>Residential, Inc. | Total               |
|------------------------------------------------------|-------------------------------------------------|---------------------------------|---------------------|
| Operating activities                                 | \$ (6,000,786)                                  | \$ 303                          | \$ (6,000,483)      |
| Noncapital and related financing activities          | 6,841,488                                       | -                               | 6,841,488           |
| Capital and related financing activities             | (435,609)                                       | 297,860                         | (137,749)           |
| <b>Net increase in cash<br/>and cash equivalents</b> | <b>405,093</b>                                  | <b>298,163</b>                  | <b>703,256</b>      |
| Cash and cash equivalents, beginning of year         | 4,268,795                                       | 22,625                          | 4,291,420           |
| Cash and cash equivalents, end of year               | <u>\$ 4,673,888</u>                             | <u>\$ 320,788</u>               | <u>\$ 4,994,676</u> |

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO FINANCIAL STATEMENTS

---

#### **Note 13. Commitments and Contingencies**

The Board participates in federal assistance programs, which are subject to audit by grantor agencies. The Board believes it is in compliance with applicable grant requirements, and any disallowances of costs by grantor agencies would not be significant.

#### **Note 14. Pending GASB Statements**

At June 30, 2024, the Governmental Accounting Standards Board (GASB) had issued statements not yet implemented by the Board. The statements which might impact the Board are as follows:

GASB Statement No. 101, *Compensated Absences*, will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Statement No. 101 will be effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires all state and local governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Statement No. 102 will be effective for fiscal years beginning after June 15, 2024.

GASB 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. Statement 103 will be effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – GROUP LIFE INSURANCE PROGRAM

|                                                                              | Fiscal Year June 30, |              |              |              |              |              |              |
|------------------------------------------------------------------------------|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                                              | 2017                 | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         |
| Employer's proportion of the net GLI OPEB liability                          | 0.01253%             | 0.01220%     | 0.01243%     | 0.01237%     | 0.01269%     | 0.01423%     | 0.01605%     |
| Employer's proportionate share of the net GLI OPEB liability                 | \$ 189,000           | \$ 185,000   | \$ 202,270   | \$ 206,435   | \$ 147,746   | \$ 171,343   | \$ 192,490   |
| Employer's covered payroll                                                   | \$ 2,282,900         | \$ 2,319,038 | \$ 2,437,115 | \$ 2,546,923 | \$ 2,436,731 | \$ 3,095,827 | \$ 3,781,020 |
| Employer's proportionate share of the net GLI OPEB liability as a percentage | 8.28%                | 7.98%        | 8.30%        | 8.11%        | 6.06%        | 5.53%        | 5.09%        |
| Plan fiduciary net position as a percentage of the total GLI OPEB liability  | 48.86%               | 51.22%       | 52.00%       | 52.64%       | 67.45%       | 67.21%       | 69.30%       |

**Note to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### SCHEDULE OF EMPLOYER CONTRIBUTIONS – OPEB – GROUP LIFE INSURANCE PROGRAM

|                                                  | Fiscal Year June 30, |              |              |              |              |              |              |  |
|--------------------------------------------------|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
|                                                  | 2018                 | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         |  |
| Contractually required contribution (CRC)        | \$ 12,059            | \$ 12,673    | \$ 13,244    | \$ 14,151    | \$ 16,717    | \$ 20,418    | \$ 26,046    |  |
| Contributions in relation to the CRC             | 12,059               | 12,673       | 13,244       | 14,151       | 16,717       | 20,418       | 26,046       |  |
| Contribution deficiency (excess)                 | \$ -                 | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |  |
| Employer's covered payroll                       | \$ 2,319,038         | \$ 2,437,115 | \$ 2,546,923 | \$ 2,436,731 | \$ 3,095,827 | \$ 3,781,020 | \$ 4,823,422 |  |
| Contributions as a percentage of covered payroll | 0.52%                | 0.52%        | 0.52%        | 0.58%        | 0.54%        | 0.54%        | 0.54%        |  |

**Note to Schedule:**

- (1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board will present information for those years for which information is available.

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS (OPEB) Year Ended June 30, 2024

---

#### Note 1. Group Life Insurance Program

##### A. Changes of Benefit Terms

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

##### B. Changes of Assumptions

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

#### Non-Largest 10 Locality Employers – General Employees

|                                                                            |                                                                                                                                                                      |
|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mortality Rates<br>(pre-retirement, post-retirement healthy, and disabled) | Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP2020                   |
| Retirement Rates                                                           | Adjusted rates to better fit the 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                                                                                                                                                            |
| Discount Rate                                                              | No change                                                                                                                                                            |

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## SCHEDULE OF CHANGES IN THE BOARD'S NET PENSION ASSET AND RELATED RATIOS – VIRGINIA RETIREMENT SYSTEM

|                                                                            | Fiscal Year June 30, |                |                  |                |                |                |                  |                  |                  |                |
|----------------------------------------------------------------------------|----------------------|----------------|------------------|----------------|----------------|----------------|------------------|------------------|------------------|----------------|
|                                                                            | 2014                 | 2015           | 2016             | 2017           | 2018           | 2019           | 2020             | 2021             | 2022             | 2023           |
| Total Pension Liability                                                    |                      |                |                  |                |                |                |                  |                  |                  |                |
| Service cost                                                               | \$ 260,060           | \$ 221,355     | \$ 185,842       | \$ 194,426     | \$ 185,663     | \$ 192,693     | \$ 223,481       | \$ 242,258       | \$ 221,626       | \$ 301,035     |
| Interest                                                                   | 473,363              | 503,335        | 516,708          | 491,853        | 514,773        | 517,491        | 546,061          | 577,994          | 641,269          | 657,421        |
| Change in assumptions                                                      | -                    | -              | -                | 12,180         | -              | 240,999        | -                | 350,322          | -                | -              |
| Differences between expected and actual experience                         | -                    | (208,202)      | (702,761)        | 1,474          | (254,984)      | 199,708        | 157,329          | (1,925)          | (250,051)        | (217,183)      |
| Benefit payments, including refunds of employee contributions              | (276,735)            | (333,746)      | (317,151)        | (392,585)      | (352,407)      | (460,833)      | (446,828)        | (460,767)        | (444,950)        | (460,992)      |
| <b>Net change in total pension liability</b>                               | <b>456,688</b>       | <b>182,742</b> | <b>(317,362)</b> | <b>307,348</b> | <b>93,045</b>  | <b>690,058</b> | <b>480,043</b>   | <b>707,882</b>   | <b>167,894</b>   | <b>280,281</b> |
| Total pension liability - beginning                                        | 6,900,690            | 7,357,378      | 7,540,120        | 7,222,758      | 7,530,106      | 7,623,151      | 8,313,209        | 8,793,252        | 9,501,134        | 9,669,028      |
| Total pension liability - ending (a)                                       | \$ 7,357,378         | \$ 7,540,120   | \$ 7,222,758     | \$ 7,530,106   | \$ 7,623,151   | \$ 8,313,209   | \$ 8,793,252     | \$ 9,501,134     | \$ 9,669,028     | \$ 9,949,309   |
| Plan Fiduciary Net Position                                                |                      |                |                  |                |                |                |                  |                  |                  |                |
| Contributions - employer                                                   | \$ 148,439           | \$ 133,686     | \$ 134,539       | \$ 10,846      | \$ 4,296       | \$ 9,520       | \$ 9,098         | \$ 35,668        | \$ 42,190        | \$ 49,600      |
| Contributions - employee                                                   | 108,601              | 109,382        | 104,648          | 106,855        | 106,354        | 110,176        | 109,224          | 116,591          | 154,843          | 172,419        |
| Net investment income                                                      | 1,076,702            | 361,437        | 142,256          | 983,507        | 653,330        | 605,122        | 180,642          | 2,542,373        | (11,295)         | 729,263        |
| Benefit payments, including refunds of employee contributions              | (276,735)            | (333,746)      | (317,151)        | (392,585)      | (352,407)      | (460,833)      | (446,828)        | (460,767)        | (444,950)        | (460,992)      |
| Administrative expense                                                     | (5,768)              | (4,958)        | (5,044)          | (5,827)        | (5,731)        | (6,264)        | (6,328)          | (6,456)          | (7,258)          | (7,316)        |
| Other                                                                      | 57                   | (77)           | (60)             | (869)          | (577)          | (12,098)       | (212)            | 238              | 267              | 293            |
| <b>Net change in plan fiduciary net position</b>                           | <b>1,051,296</b>     | <b>265,724</b> | <b>59,188</b>    | <b>701,927</b> | <b>405,265</b> | <b>245,623</b> | <b>(154,404)</b> | <b>2,227,647</b> | <b>(266,203)</b> | <b>483,267</b> |
| Plan fiduciary net position - beginning                                    | 6,815,597            | 7,866,893      | 8,132,617        | 8,191,805      | 8,893,732      | 9,298,997      | 9,544,620        | 9,390,216        | 11,617,863       | 11,351,660     |
| Plan fiduciary net position - ending (b)                                   | \$ 7,866,893         | \$ 8,132,617   | \$ 8,191,805     | \$ 8,893,732   | \$ 9,298,997   | \$ 9,544,620   | \$ 9,390,216     | \$ 11,617,863    | \$ 11,351,660    | \$ 11,834,927  |
| The Board's net pension asset - ending (a) - (b)                           | \$ (509,515)         | \$ (592,497)   | \$ (969,047)     | \$ (1,363,626) | \$ (1,675,846) | \$ (1,231,411) | \$ (596,964)     | \$ (2,116,729)   | \$ (1,682,632)   | \$ (1,885,618) |
| Plan fiduciary net position as a percentage of the total pension liability | 106.93%              | 107.86%        | 113.42%          | 118.11%        | 121.98%        | 114.81%        | 106.79%          | 122.28%          | 117.40%          | 118.95%        |
| Covered payroll                                                            | \$ 2,276,672         | \$ 2,050,399   | \$ 2,063,481     | \$ 2,282,900   | \$ 2,315,420   | \$ 2,437,051   | \$ 2,431,340     | \$ 2,611,427     | \$ 1,787,712     | \$ 2,101,695   |
| The Board's net pension asset as a percentage of covered payroll           | 22.38%               | 28.90%         | 46.96%           | 59.73%         | 72.38%         | 50.53%         | 24.55%           | 81.06%           | 94.12%           | 89.72%         |

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### SCHEDULE OF BOARD CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM

|                                                           | Fiscal Year June 30, |              |              |              |              |              |              |              |              |              |
|-----------------------------------------------------------|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                           | 2015                 | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         |
| Contractually required contribution (CRC)                 | \$ 133,686           | \$ 134,539   | \$ 10,846    | \$ 9,520     | \$ 9,520     | \$ 9,098     | \$ 35,668    | \$ 42,190    | \$ 49,600    | \$ 56,847    |
| Contributions in relation to the CRC                      | 133,686              | 134,539      | 10,846       | 4,296        | 9,520        | 9,098        | 35,668       | 42,190       | 49,600       | 56,847       |
| Contribution deficiency (excess)                          | \$ -                 | \$ -         | \$ -         | \$ 5,224     | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Employer's covered-employee payroll                       | \$ 2,050,399         | \$ 2,063,481 | \$ 2,282,900 | \$ 2,315,420 | \$ 2,437,051 | \$ 2,431,340 | \$ 2,611,427 | \$ 1,787,712 | \$ 2,101,695 | \$ 2,450,302 |
| Contributions as a percentage of covered-employee payroll | 6.52%                | 6.52%        | 0.48%        | 0.19%        | 0.39%        | 0.37%        | 1.37%        | 2.36%        | 2.36%        | 2.32%        |

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### VIRGINIA RETIREMENT SYSTEM

Year Ended June 30, 2024

---

##### Note 1. Changes of Benefit Terms

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

##### Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumption 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 PUB2010 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 Plan2/Hybrid; changed final retirement age.             |
| Withdrawal Rates                                                        | Adjusted rates to better fit experience at each year age and service through nine years of service                                                     |
| Disability Rates                                                        | No change                                                                                                                                              |
| Salary Scale                                                            | No change                                                                                                                                              |
| Discount Rate                                                           | No change                                                                                                                                              |

## **SUPPORTING SCHEDULES**

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## SCHEDULE OF INSURANCE

June 30, 2024

| Insurance Company                                    | Policy Number | Policy Period        | Annual Policy Cost | Insurance Type and Coverage                       |                                                       |
|------------------------------------------------------|---------------|----------------------|--------------------|---------------------------------------------------|-------------------------------------------------------|
| Vaco Risk Management Programs (VaCoRP)               | VA-GO-037A-19 | 7/1/2023 - 6/30/2024 | \$ 15,481          | Automobile:                                       |                                                       |
|                                                      |               |                      |                    | Liability/comprehensive and collision - ACV       | \$ 2,000,000                                          |
|                                                      |               |                      | 750                | Medical payments                                  | 5,000                                                 |
|                                                      |               |                      | 4,253              | Employee dishonesty                               | 250,000                                               |
|                                                      |               |                      |                    | Real property, personal property, 90% coinsurance | Various                                               |
|                                                      |               |                      | 9,502              | General liability                                 | 2,000,000                                             |
|                                                      |               |                      |                    | Fire damage                                       | 500,000                                               |
|                                                      |               |                      | 35,159             | Workers' compensation:                            |                                                       |
|                                                      |               |                      |                    | Each accident                                     | 1,000,000                                             |
|                                                      |               |                      |                    | Policy limit – disease                            | 1,000,000                                             |
| Commonwealth of Virginia Division of Risk Management | N/A           | 7/1/2023 - 6/30/2024 | 4,875              | Public officials liability:                       |                                                       |
|                                                      |               |                      |                    | Per occurrence                                    | 1,000,000                                             |
|                                                      | N/A           | 7/1/2023 - 6/30/2024 | 3,809              | Medical malpractice:                              |                                                       |
|                                                      |               |                      |                    | General liability                                 | Subject to<br><i>Code of Virginia</i><br>§8.01-581.15 |

**GOOCHLAND-POWHATAN COMMUNITY SERVICES**

**CLIENT STATISTICS**  
**Last Ten Fiscal Years**

|                              | Year Ended June 30, |      |      |      |      |      |      |      |      |      |
|------------------------------|---------------------|------|------|------|------|------|------|------|------|------|
|                              | 2015                | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Unduplicated clients served: |                     |      |      |      |      |      |      |      |      |      |
| Mental health                | 466                 | 436  | 552  | 436  | 479  | 485  | 614  | 762  | 782  | 729  |
| Intellectual disability      | 220                 | 223  | 190  | 239  | 310  | 245  | 262  | 262  | 283  | 295  |
| Substance abuse              | 169                 | 139  | 213  | 139  | 146  | 113  | 145  | 143  | 57   | 87   |
| Services outside of programs | 580                 | 537  | 537  | 537  | 569  | 528  | 632  | 612  | 467  | 543  |

## **COMPLIANCE SECTION**

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

| Federal Grantor/Pass - Through Grantor/<br>Program or Cluster Title   | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Entity Identifying<br>Number | Provided to<br>Subrecipients | Total<br>Federal<br>Expenditures |
|-----------------------------------------------------------------------|--------------------------------------------|----------------------------------------------|------------------------------|----------------------------------|
| <b>DEPARTMENT OF TREASURY</b>                                         |                                            |                                              |                              |                                  |
| Pass-through payments:                                                |                                            |                                              |                              |                                  |
| Virginia Department of Behavioral Health and Developmental Services:  |                                            |                                              |                              |                                  |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds            | 21.027                                     | 54-6001731                                   | \$ -                         | \$ 139,369                       |
| <b>Total Department of Treasury</b>                                   |                                            |                                              |                              | <u>139,369</u>                   |
| <b>DEPARTMENT OF EDUCATION</b>                                        |                                            |                                              |                              |                                  |
| Pass-through payments:                                                |                                            |                                              |                              |                                  |
| Virginia Department of Behavioral Health and Developmental Services:  |                                            |                                              |                              |                                  |
| Special Education- Grants for Infants and Families                    | 84.181                                     | 54-6001731                                   | -                            | <u>83,850</u>                    |
| <b>Total Department of Education</b>                                  |                                            |                                              |                              | <u>83,850</u>                    |
| <b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                        |                                            |                                              |                              |                                  |
| Pass-through payments:                                                |                                            |                                              |                              |                                  |
| Virginia Department of Behavioral Health and Developmental Services:  |                                            |                                              |                              |                                  |
| Block Grants for Community Mental Health Services                     | 93.958                                     | 54-6001731                                   | -                            | 239,554                          |
| COVID-19 Block Grants for Community Mental Health Services            | 93.958                                     | 54-6001731                                   | -                            | 3,750                            |
| Block Grants for Prevention and Treatment of Substance Abuse          | 93.959                                     | 54-6001731                                   | -                            | 349,478                          |
| COVID-19 Block Grants for Prevention and Treatment of Substance Abuse | 93.959                                     | 54-6001731                                   | -                            | 188,433                          |
| State Targeted Response to the Opioid Crisis Grants                   | 93.788                                     | 54-6001731                                   | -                            | <u>191,828</u>                   |
| <b>Total Department of Health and Human Services</b>                  |                                            |                                              |                              | <u>973,043</u>                   |
| <b>Total Expenditures of Federal Awards</b>                           |                                            |                                              | \$ -                         | <u>\$ 1,196,262</u>              |

## GOOCHLAND-POWHATAN COMMUNITY SERVICES

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

---

#### Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Goochland-Powhatan Community Services (Board) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Board.

*Federal Financial Assistance* – The Single Audit Act Amendments of 1996 (Public Law 104-156) and Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals.

*Direct Payments* – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

*Pass-through Payments* – Assistance received in a pass-through relationship from entities other than the Federal government is classified as pass-through payments on the Schedule.

*Major Programs* – The Single Audit Act Amendments of 1996 and Uniform Guidance establish the criteria to be used in defining major programs. Major programs for the Board were determined using a risk-based approach in accordance with Uniform Guidance.

*Federal Assistance Listing Number* – The Assistance Listing is a government-wide compendium of individual federal programs. Each program included in the listing is assigned a five-digit program identification number (Federal Assistance Listing Number), which is reflected in the Schedule.

*Cluster of Programs* – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs. There are no clusters administered by the Board.

#### Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified 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.

#### Note 3. Indirect Cost Rate

The Board has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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  
Goochland-Powhatan Community Services

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 (*Government Auditing Standards*); 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 Goochland-Powhatan Community Services (the Board), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 18, 2024.

**Report on Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the Board'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 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 the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*PBMares, LLP*

Harrisonburg, Virginia  
November 18, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the Board of Directors  
Goochland-Powhatan Community Service Board

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited the Goochland-Powhatan Community Service Board's (Board) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Board's major federal programs for the year ended June 30, 2024. The Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on the Major Federal Program***

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

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements 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 the major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *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 the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

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

*PBMarus, LLP*

Harrisonburg, Virginia  
November 18, 2024

# GOOCHLAND-POWHATAN COMMUNITY SERVICES

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

---

### Section I. SUMMARY OF AUDITOR'S RESULTS

#### *Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

|                                         |                              |                                                   |
|-----------------------------------------|------------------------------|---------------------------------------------------|
| Material weakness(es) identified?       | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No            |
| Significant deficiency(ies) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None Reported |

|                                                       |                              |                                        |
|-------------------------------------------------------|------------------------------|----------------------------------------|
| Noncompliance material to financial statements noted? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|-------------------------------------------------------|------------------------------|----------------------------------------|

#### *Federal Awards*

Internal control over major federal programs:

|                                         |                              |                                                   |
|-----------------------------------------|------------------------------|---------------------------------------------------|
| Material weakness(es) identified?       | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No            |
| Significant deficiency(ies) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None Reported |

Type of auditor's report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

|                              |                                        |
|------------------------------|----------------------------------------|
| <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|------------------------------|----------------------------------------|

Identification of major federal program:

| Federal Assistance Listing Number | Name of Federal Program or Cluster                                    |
|-----------------------------------|-----------------------------------------------------------------------|
| 93.959                            | COVID-19 Block Grants for Prevention and Treatment of Substance Abuse |

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

|                                        |                              |                                        |
|----------------------------------------|------------------------------|----------------------------------------|
| Auditee qualified as low-risk auditee? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|----------------------------------------|------------------------------|----------------------------------------|

### Section II. FINANCIAL STATEMENT FINDINGS

None.

### Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

**GOOCHLAND-POWHATAN COMMUNITY SERVICES**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2024**

---

The prior audit disclosed no findings