FINANCIAL REPORT

YEARS ENDED JUNE 30, 2024 AND 2023

WINCHESTER REGIONAL AIRPORT AUTHORITY

FINANCIAL REPORT

YEARS ENDED JUNE 30, 2024 AND 2023

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WINCHESTER REGIONAL AIRPORT AUTHORITY

DIRECTORY OF PRINCIPAL OFFICIALS

BOARD MEMBERS

William W. Pifer, Chairman

Gene E. Fisher, Vice Chairman

Leslie Melanson, Secretary/Treasurer

Jerome Butler

Rhett Champagne

John Eberhardt

Frank Haun

Tom Leone

Carley Walker

Executive Director: Nicholas Sabo

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

Independent Auditors' Report

To the Honorable Members of the Board of Directors
Winchester Regional Airport Authority
Winchester, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Winchester Regional Airport Authority, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Winchester Regional Airport Authority, as of June 30, 2024 and 2023, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Winchester Regional Airport Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Winchester Regional Airport Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Winchester Regional Airport Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025, on our consideration of Winchester Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Winchester Regional Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Winchester Regional Airport Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 19, 2025

As management of the Winchester Regional Airport Authority we offer this narrative overview and analysis of the financial performance and overview of the Authority's financial activities for the fiscal years ended June 30, 2024 and 2023.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. Since the Authority is engaged only in business-type activities, its basic financial statements are comprised of only two components: 1) enterprise fund financial statements and 2) notes to the financial statements.

Enterprise fund financial statements. The enterprise fund financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the Authority's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. earned but unused vacation leave).

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other information. In addition to basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the Authority's progress in funding its obligation to provide pension benefits to its employees. The Required Supplementary Information can be found in Exhibits 4-9 on pages 34 through 39.

Other supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information concerning the Authority's budgetary basis revenues and expenditures and capital revenues and expenses which can be found on pages 40 and 41.

Financial Highlights FY2024:

The assets and deferred outflows of resources of the Winchester Regional Airport Authority exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $38,479,352.

Total direct operating expenses increased to $1,292,069 in FY2024 from $1,157,067 in FY2023. Capital contributions decreased to $4,762,693 in FY2024 from $8,718,835 in FY2023.

Statement of Net Position:

The following table reflects the condensed Statements of Net Position:

Table 1
Summary of Statements of Net Position
As of June 30, 2024, 2023, and 2022

	June 30, 2024	June 30, 2023	June 30, 2022
Current assets	$ 3,348,077	$ 6,117,603	$ 1,739,834
Capital assets	38,858,498	30,831,609	27,809,004
Other assets	269,201	-	-
Total assets	$ 42,475,776	$ 36,949,212	$ 29,548,838
Deferred outflows of resources	$ 155,798	$ 147,624	$ 178,494
Total assets and deferred outflows	$ 42,631,574	$ 37,096,836	$ 29,727,332
Current liabilities	$ 2,151,675	$ 789,400	$ 1,199,399
Long-term liabilities	1,588,730	1,495,146	1,478,926
Total liabilities	$ 3,740,405	$ 2,284,546	$ 2,678,325
Deferred inflows of resources	$ 411,817	$ 206,265	$ 260,122
Net position:			
Net investment in capital assets	$ 35,574,943	$ 29,129,099	$ 26,396,631
Unrestricted (deficit)	2,904,409	5,476,926	392,254
Total net position	$ 38,479,352	$ 34,606,025	$ 26,788,885
Total liabilities, deferred inflows of resources and net position	$ 42,631,574	$ 37,096,836	$ 29,727,332

The Authority's combined net position for 2024 (which is the Authority's bottom line) increased $3,873,327 during the year. The Authority's combined net position for 2023 increased $7,817,140 during the prior year.

Statements of Changes in Net Position:

The following table shows the revenues and expenses of the Authority for the past three fiscal years:

Table 2
Changes in Net Position
For the Fiscal Years Ended June 30, 2024, 2023, and 2022

	June 30, 2024	June 30, 2023	June 30, 2022
Operating revenues:			
Gross profit on sale of fuel, oil, and merchandise	$ 580,249	$ 600,821	$ 674,573
Rental accounts	687,107	685,587	665,853
Land leases	28,190	31,037	23,486
Other operating revenues	196,000	154,139	95,127
Total operating revenues	$ 1,491,546	$ 1,471,584	$ 1,459,039
Capital contributions	$ 4,762,693	$ 8,718,835	$ 2,120,588
Total revenues and contributions	$ 6,254,239	$ 10,190,419	$ 3,579,627
Direct operating expenses:			
Salaries and wages	$ 655,840	$ 617,297	$ 582,406
Fringe benefits	275,780	241,474	223,385
Professional services	83,735	21,283	23,823
Maintenance services	14,299	25,735	25,814
Contractual services	32,799	24,425	22,357
Utilities	96,316	99,686	82,832
Insurance	50,693	46,680	43,596
Materials and supplies	45,957	33,025	42,757
Other operating expenses	36,650	47,462	80,565
Total direct operating expenses	$ 1,292,069	$ 1,157,067	$ 1,127,535
Nonoperating revenues (expenses):			
Depreciation	$ (1,095,760)	$ (1,131,892)	$ (1,131,892)
Nonoperating expenses	(60,414)	(120,883)	(66,632)
Interest expense	(39,640)	(39,577)	(40,713)
Interest income	45,135	-	-
Contributions from participant localities	56,785	75,000	90,592
Noncapital grants	5,051	1,140	-
Total nonoperating revenues (expenses)	$ (1,088,843)	$ (1,216,212)	$ (1,148,645)
Increase in net position	$ 3,873,327	$ 7,817,140	$ 1,303,447
Net position, beginning of year	34,606,025	26,788,885	25,485,438
Net position, end of year	$ 38,479,352	$ 34,606,025	$ 26,788,885

Revenues:

For the fiscal year ended June 30, 2024, revenues and contributions decreased to $6,254,239 from $10,190,419. The most significant is the decrease in capital contributions of $3,956,142, due to a decrease in federal and state reimbursements for renovations to the General Aviation Terminal. Operating revenues increased by $19,962.

Expenses:

For the fiscal year ended June 30, 2024, operating expenses increased $135,002. Depreciation in the amount of $1,095,760 represents 44% of total expenses. For the fiscal year ended June 30, 2023, operating expenses increased $29,532. Depreciation in the amount of $1,131,892 for 2023 represented 46% of total expenses.

Capital Assets:

At the end of fiscal year 2024, the Authority has invested $38,858,498 in capital assets (net of accumulated depreciation). During the year the Construction in progress increased by $8,763,856, of which $7,110,507 represents renovations to the General Aviation Terminal. The following table shows the change in capital assets for the fiscal year ended June 30, 2024:

Table 3
Governmental Funds
Change in Capital Assets

	Balance June 30, 2023	Net Additions/ Deletions	Balance June 30, 2024
Capital Assets:			
Land	$ 5,769,356	$ 223,009	$ 5,992,365
Buildings	7,304,520	73,000	7,377,520
Improvements other than buildings	33,413,563	12,824	33,426,387
Leased equipment	82,300	-	82,300
Furniture, fixtures and equipment	820,174	49,960	870,134
Construction in progress	3,360,252	8,763,856	12,124,108
Totals	$ 50,750,165	$ 9,122,649	$ 59,872,814

Additional information on capital assets can be found in Note 5.

Long-term Obligations:

The Authority increased its long-term obligations by $76,580 during the year, driven by a $39,261 increase in net pension liability and a $50,601 increase in VRA bonds payable. Interest costs during the year totaled $39,640 compared to $39,577 in the prior year, an increase of $63.

Additional information on long-term debt can be found in Note 6.

Economic Factors and Future Projects:

During the current year the Authority saw sales of fuel, oil and other merchandise decreased from $1,957,221 to $1,810,049, a decrease of $147,172 or 7.5%. AVGAS gas sales decreased by 6,046 gallons while Jet-A fuel sales increased by 62,681 gallons.

Contacting the Authority's Financial Management:

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be directed to the Authority's Executive Director, 491 Airport Road, Winchester, Virginia 22602.

- Basic Financial Statements -

Statements of Net Position
As of June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 967,181	$ 5,487,895
Accounts receivable	18,976	32,316
Due from other governments	2,229,880	450,657
Inventory	56,551	51,083
Prepaid items	11,089	15,342
Lease receivable, current portion	64,400	80,310
Total current assets	$ 3,348,077	$ 6,117,603
Noncurrent assets:		
Lease receivable, net of current portion	$ 269,201	$ -
Capital Assets (net of depreciation):		
Land	5,992,365	5,769,356
Construction in progress	12,124,108	3,360,252
Buildings	3,332,754	3,438,251
Improvements other than buildings	17,216,320	18,069,094
Lease equipment	8,230	32,920
Furniture, fixtures and equipment	184,721	161,736
Total capital assets	$ 38,858,498	$ 30,831,609
Total noncurrent assets	$ 39,127,699	$ 30,831,609
Total assets	$ 42,475,776	$ 36,949,212
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	$ 148,748	$ 141,036
OPEB deferrals	7,050	6,588
Total deferred outflows of resources	$ 155,798	$ 147,624
Total assets and deferred outflows of resources	$ 42,631,574	$ 37,096,836
LIABILITIES		
Current liabilities:		
Accounts payable	$ 1,966,745	$ 561,500
Unearned revenue	116,437	142,403
Long-term obligations, current portion	68,493	85,497
Total current liabilities	$ 2,151,675	$ 789,400
Noncurrent liabilities:		
Long-term obligations, noncurrent portion	$ 1,588,730	$ 1,495,146
Total liabilities	$ 3,740,405	$ 2,284,546
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	$ 74,139	$ 120,458
OPEB deferrals	4,077	5,497
Lease deferrals	333,601	80,310
Total deferred inflows of resources	$ 411,817	$ 206,265
NET POSITION		
Net investment in capital assets	$ 35,574,943	$ 29,129,099
Unrestricted (deficit)	2,904,409	5,476,926
Total net position	$ 38,479,352	$ 34,606,025
Total liabilities, deferred inflows of resources and net position	$ 42,631,574	$ 37,096,836

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

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Sales--fuel, oil and other merchandise	$ 1,810,049	$ 1,957,221
Less cost of goods sold	(1,229,800)	(1,356,400)
Gross profit on sales	$ 580,249	$ 600,821
Other operating revenues:		
Rental accounts	$ 687,107	$ 685,587
Land leases	28,190	31,037
Other services, fees, commissions	196,000	154,139
Total other operating revenues	$ 911,297	$ 870,763
Total operating revenues	$ 1,491,546	$ 1,471,584
Operating expenses:		
Salaries	$ 655,840	$ 617,297
Fringe benefits	275,780	241,474
Professional services	83,735	21,283
Repair and maintenance	14,299	25,735
Other contractual services	32,799	24,425
Utilities	96,316	99,686
Insurance	50,693	46,680
Materials and supplies	45,957	33,025
Other direct operating expenses	36,650	47,462
Total operating expenses	$ 1,292,069	$ 1,157,067
Operating income (loss) before depreciation	$ 199,477	$ 314,517
Depreciation	$ 1,095,760	$ 1,131,892
Operating income (loss)	$ (896,283)	$ (817,375)
Nonoperating revenues (expenses):		
Interest expense	$ (39,640)	$ (39,577)
Interest income	45,135	-
Nonoperating expenses	(60,414)	(120,883)
Contributions from participant localities	56,785	75,000
Noncapital grants	5,051	1,140
Total nonoperating revenues (expenses)	$ 6,917	$ (84,320)
Income (loss) before capital contributions	$ (889,366)	$ (901,695)
Capital contributions	4,762,693	8,718,835
Change in net position	$ 3,873,327	$ 7,817,140
Net position - beginning of year	34,606,025	26,788,885
Net position - end of year	$ 38,479,352	$ 34,606,025

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

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

		2024		2023
Cash flows from operating activities:				
Receipts from customers and users	$	2,708,720	$	2,800,666
Payments to employees		(936,679)		(879,254)
Payments to suppliers		(2,095,449)		(2,401,910)
Net cash provided by (used for) operating activities	$	(323,408)	$	(480,498)
Cash flows from investing activities:				
Interest income	$	45,135	$	-
Net cash provided by (used for) investing activities	$	45,135	$	-
Cash flows from capital and related financing activities:				
Intergovernmental capital contributions	$	2,983,470	$	9,269,115
Nonoperating expenses		(60,414)		(120,883)
Contributions from participant localities		56,785		75,000
Noncapital grants		5,051		1,140
Interest expense		(39,640)		(39,577)
Purchase of property, equipment and construction in progress		(7,213,419)		(3,800,586)
Proceeds from issuance of debt		102,711		11,487
Retirement of indebtedness		(76,985)		(75,261)
Net cash provided by (used for) capital and related financing activities	$	(4,242,441)	$	5,320,435
Net increase (decrease) in cash and cash equivalents	$	(4,520,714)	$	4,839,937
Cash and cash equivalents at beginning of year		5,487,895		647,958
Cash and cash equivalents at end of year	$	967,181	$	5,487,895
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$	(896,283)	$	(817,375)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation		1,095,760		1,131,892
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable		13,340		(2,107)
Inventory		(5,468)		(8,096)
Prepaid items		4,253		2,401
Lease receivable		(253,291)		(80,310)
Deferred outflows of resources - pension related		(7,712)		29,490
Deferred outflows of resources - OPEB related		(462)		1,380
Increase (decrease) in:				
Accounts payable		(503,985)		(741,519)
Compensated absences		10,282		10,594
Unearned revenue		(25,966)		(25,211)
Net OPEB liability		1,311		730
Net pension liability		39,261		71,490
Deferred inflows of resources - pension related		(46,319)		(130,035)
Deferred inflows of resources - OPEB related		(1,420)		(4,132)
Deferred inflows of resources - lease related		253,291		80,310
Net cash provided by (used for) operating activities	$	(323,408)	$	(480,498)
Schedule of noncash capital and related financing activities				
Increase in AP related to construction in progress	$	1,909,230	$	353,911

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

NOTE 1 - BASIS OF PRESENTATION:

A. Organization and Purpose

The Winchester Regional Airport Authority was created by the City of Winchester and the Counties of Frederick, Clarke, Warren and Shenandoah to operate as a regional airport as provided in Chapter 3, Title 5.136 *Code of Virginia* (1950), as amended. On July 1, 1987 the City of Winchester executed and delivered a deed of quitclaim, discharge, transfer, and release to the Winchester Regional Airport Authority, all right, title, and interest of the City of Winchester in and to its several parcels of land owned by the City of Winchester and situated in Frederick County, Virginia, together with all improvements thereon and appurtenances there unto appertaining. The City also assigned all of the rights, title, and interest of the City in and to all franchises, leases, or other rights of whatsoever nature in connection therewith by agreement. Excepted from the conveyances is the property leased by Powlen Equipment Company. The City also conveyed to the Authority all of its rights, title, and interest in and to such personal property situated on the airport.

The Virginia Aviation Commission approved the transfer of the Commission's operator's license to the Authority. The Authority hired all of the Commission's employees and day-to-day operation of the airport was unchanged.

B. Financial Reporting Entity

The Authority has determined that it is a related organization to the City of Winchester and the Counties of Frederick, Clarke, Warren and Shenandoah in accordance with Governmental Accounting Standards Board Statements. However, the Authority is a legally separate organization whose board members consist of two members from the City of Winchester, four members from Frederick County, and one member from the Counties of Clarke, Warren and Shenandoah, respectively. Since neither the City nor any County can impose its will on the Authority and since there is no potential financial benefit or burden relationship, the City and the Counties are not financially accountable for the Authority. Accordingly, the Authority is not considered a component unit of either the City or any participating locality.

C. Deficit Funding

Pursuant to a "memorandum of understanding" dated December 13, 1994 between the County of Frederick and the City of Winchester, funding of the Authority's operating deficits are to be shared by the County and City based on population, and capital costs are to be shared equally for years 1994 and 1995 and based on population in subsequent years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Management's Discussion and Analysis:

The financial statements are required to be accompanied by a narrative introduction and analytical overview of the Authority's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

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

Enterprise Fund Financial Statements:

Since the Authority is only engaged in business-type activities, it is required to present only the financial statements required for enterprise funds. For the Authority, the basic financial statements consist of:

-- Enterprise fund financial statements
- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

A. Financial Statement Presentation

The Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash.

B. Inventory

Fuel and oil inventory of the general aviation terminal is valued at cost using the first-in, first-out method of valuation.

C. Prepaid Items

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

D. Capital Assets

Capital assets are defined by the entity as assets with an initial, individual cost of at least $3,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below) or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate asset class.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is computed on the straight-line method over the following estimated lives:

Improvements other than buildings	25 years
Buildings	40 years
Lease equipment	5 years
Furniture, fixtures and equipment	3 to 10 years

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

D. Capital Assets: (Continued)

Depreciation expense is generally not computed on assets in their year of acquisition, and a full year is charged to operations in the year the asset is disposed of or removed from service.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows the Authority considers all highly liquid investments (including amounts in demand deposit as well as short-term investments) with a maturity of three months or less when purchased to be cash equivalents.

F. Allowance for Uncollectible Accounts

The Authority calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. There is no allowance for uncollectible accounts at June 30, 2024 and 2023.

G. Budgetary Schedules

The supporting schedules as disclosed in the table of contents compare budget and actual data for operations and capital activity. A review of the budgetary comparisons presented herein will disclose how accurately the governing body was able to forecast the revenues and expenses of the Authority.

H. Revenue Recognition

Revenue from sales of fuel and services are recorded when earned. Rental revenues result from long-term and short-term lease agreements and similar arrangements. Contributions from localities are recognized when appropriated by the respective governing bodies of the participant localities. Federal and state grants are recorded on the basis of allowable reimbursable grant expenditures.

I. Use of Estimates

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

J. Compensated Absences

The Authority has a policy which allows for the accumulation and vesting of limited amounts of vacation leave until termination or retirement.

K. Operating and Nonoperating Income and Expenses

Operating revenues and expenses result from providing services in connection with air transportation. The principal operating revenues of the Authority are charges to customers for sales and services.

Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

L. Net Position

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

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

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

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

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

M. Deferred Outflows/Inflows of Resources

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

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

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

N. Pensions

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

O. Other Postemployment Benefits (OPEB)

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

P. Leases

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

Lessor

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

Lessee

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

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

P. Leases: (Continued)

Key Estimates and Judgments

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

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

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

- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The Authority monitors changes in circumstances that would require remeasurement or modification of its leases. The Authority will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

NOTE 3 - DEPOSITS AND INVESTMENTS:

Deposits:

The Authority's fiscal agent, the County of Frederick, Virginia, provides certain accounting and cash management functions for the Authority. As a part of this arrangement, the Authority participates in the County's common cash pool for its operating and capital cash requirements. At June 30, 2024 and 2023, the Authority's cash held by the County did not have any overdrafts.

Investments:

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2024 and 2023, the Authority had no investments.

NOTE 4 - DUE FROM OTHER GOVERNMENTS:

Receivables due from other governmental units at year end are as follows:

	2024	2023
Commonwealth of Virginia Department of Aviation	$ 1,049,136	$ 355,476
Federal Aviation Administration	1,155,378	63,000
City of Winchester	25,366	32,181
Total	$ 2,229,880	$ 450,657

NOTE 5 - CAPITAL ASSETS:

A summary of capital assets at June 30, 2024 and 2023 is as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	$ 5,769,356	$ 223,009	$ -	$ 5,992,365
Construction in progress	3,360,252	8,763,856	-	12,124,108
Total capital assets not being depreciated	$ 9,129,608	$ 8,986,865	$ -	$ 18,116,473
Capital assets being depreciated:				
Buildings	$ 7,304,520	$ 73,000	$ -	$ 7,377,520
Improvements other than buildings	33,413,563	12,824	-	33,426,387
Lease equipment	82,300	-	-	82,300
Furniture, fixtures and equipment	820,174	49,960	-	870,134
Total capital assets being depreciated	$ 41,620,557	$ 135,784	$ -	$ 41,756,341
Accumulated depreciation:				
Buildings	$ 3,866,269	$ 178,497	$ -	$ 4,044,766
Improvements other than buildings	15,344,469	865,598	-	16,210,067
Lease equipment	49,380	24,690	-	74,070
Furniture, fixtures and equipment	658,438	26,975	-	685,413
Total accumulated depreciation	$ 19,918,556	$ 1,095,760	$ -	$ 21,014,316
Total capital assets being depreciated, net	$ 21,702,001	$ (959,976)	$ -	$ 20,742,025
Capital assets, net	$ 30,831,609	$ 8,026,889	$ -	$ 38,858,498

NOTE 5 - CAPITAL ASSETS: (CONTINUED)

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	$ 5,769,356	$ -	$ -	$ 5,769,356
Construction in progress	2,627,208	4,136,601	3,403,557	3,360,252
Total capital assets not being depreciated	$ 8,396,564	$ 4,136,601	$ 3,403,557	$ 9,129,608
Capital assets being depreciated:				
Buildings	$ 7,304,520	$ -	$ -	$ 7,304,520
Improvements other than buildings	30,010,006	3,403,557	-	33,413,563
Lease equipment	82,300	-	-	82,300
Furniture, fixtures and equipment	802,278	17,896	-	820,174
Total capital assets being depreciated	$ 38,199,104	$ 3,421,453	$ -	$ 41,620,557
Accumulated depreciation:				
Buildings	$ 3,680,972	$ 185,297	$ -	$ 3,866,269
Improvements other than buildings	14,449,387	895,082	-	15,344,469
Lease equipment	24,690	24,690	-	49,380
Furniture, fixtures and equipment	631,615	26,823	-	658,438
Total accumulated depreciation	$ 18,786,664	$ 1,131,892	$ -	$ 19,918,556
Total capital assets being depreciated, net	$ 19,412,440	$ 2,289,561	$ -	$ 21,702,001
Capital assets, net	$ 27,809,004	$ 6,426,162	$ 3,403,557	$ 30,831,609

Depreciation expense for the years 2024 and 2023 was $1,095,760 and $1,131,892, respectively.

Details of construction in progress at June 30, 2024 and June 30, 2023 are as follows:

Project	2024	2023
New Terminal Building	$ 10,229,276	$ 3,118,768
Taxiway A Phase 2	1,261,182	241,484
Taxiway Section 1	391,200	-
Environmental Assessment - Northside Parcel	242,450	-
Total	$ 12,124,108	$ 3,360,252

The Authority had $6,168,492 of total construction commitments for the General Aviation Terminal and Taxiway A projects as of June 30, 2024.

NOTE 6 - LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligations of the Authority for the years ended June 30, 2024 and June 30, 2023:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Current Portion
Direct Placements and Direct Borrowings:					
VRA Bond	$ 1,315,369	$ 102,711	$ 52,110	$ 1,365,970	$ 50,598
Lease liability	33,230	-	24,875	8,355	8,355
Compensated absences	85,120	18,794	8,512	95,402	9,540
Net pension liability	121,498	272,227	232,966	160,759	-
Net OPEB liability	25,426	12,355	11,044	26,737	-
Total long-term obligations	$ 1,580,643	$ 406,087	$ 329,507	$ 1,657,223	$ 68,493

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Current Portion
Direct Placements and Direct Borrowings:					
VRA Bond	$ 1,354,516	$ 11,487	$ 50,634	$ 1,315,369	$ 52,110
Lease liability	57,857	-	24,627	33,230	24,875
Compensated absences	74,526	10,594	-	85,120	8,512
Net pension liability	50,008	71,490	-	121,498	-
Net OPEB liability	24,696	730	-	25,426	-
Total long-term obligations	$ 1,561,603	$ 94,301	$ 75,261	$ 1,580,643	$ 85,497

Details of Long-term Obligations:

	2024	2023
Direct Borrowings and Direct Placements:		
VRA Bond:		
$1,550,000 Series 2019 VRA Airports Revolving fund loan dated September 30, 2019, payable in interest only payments until all loan amounts have been drawn, then variable monthly installments through October 1, 2044, interest at 2.9515%. Amount drawn on the bond as of June 30, 2024 was $1,550,000.	$ 1,365,970	$ 1,315,369
Lease Liability:		
Various leases for equipment payable in various monthly payments through October 2024. Discount rate at 1.00%	$ 8,355	$ 33,230
Compensated absences	$ 95,402	$ 85,120
Net pension liability	$ 160,759	$ 121,498
Net OPEB liability	$ 26,737	$ 25,426
Total long-term obligations	$ 1,657,223	$ 1,580,643

NOTE 6 - LONG-TERM OBLIGATIONS: (CONTINUED)

Annual requirements to amortize long-term obligations and related interest on balances of debt outstanding at June 30, 2024 are as follows:

	Direct Borrowings and Direct Placements			
	VRA Series 2019		Lease Liability	
	Principal	Interest	Principal	Interest
2025	$ 50,598	$ 39,614	$ 8,355	$ 18
2026	52,111	38,101	-	-
2027	53,669	36,543	-	-
2028	55,274	34,938	-	-
2029	56,927	33,285	-	-
2030	58,629	31,583	-	-
2031	60,382	29,830	-	-
2032	62,188	28,024	-	-
2033	64,047	26,165	-	-
2034	65,962	24,250	-	-
2035	67,935	22,277	-	-
2036	69,966	20,246	-	-
2037	72,058	18,154	-	-
2038	74,213	15,999	-	-
2039	76,432	13,780	-	-
2040	78,717	11,495	-	-
2041	81,071	9,141	-	-
2042	83,495	6,717	-	-
2043	85,992	4,220	-	-
2044	88,563	1,649	-	-
2045	7,741	19	-	-
Totals	$ 1,365,970	$ 446,030	$ 8,355	$ 18

NOTE 7 - COMPENSATED ABSENCES:

The Authority has accrued the liability arising from outstanding compensated absences.

Authority employees earn vacation and sick leave at a rate of 14-24 hours per month, based on years of service. The Authority has outstanding accrued vacation and sick pay and related benefits totaling $95,402 and $85,120 at June 30, 2024 and 2023, respectively.

NOTE 8 - PENSION PLAN:

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

Benefit Structures

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

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Contributions

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

The Authority's contractually required contribution rate for the year ended June 30, 2024 was 13.59% 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 employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $77,980 and $72,614 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

At June 30, 2024, the Authority reported a liability of $160,759 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The Authority's proportionate share of the same was calculated using creditable compensation as of June 30, 2023 and 2022 as a basis for allocation. At June 30, 2023 and 2022, the Authority's proportion was 1.0064% and 0.9915%, respectively.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Authority'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 of return	6.75%, net of pension plan investment expenses, including inflation

NOTE 8 - PENSION PLAN: (CONTINUED)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvements:

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:

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

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	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%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return*	8.25%

* 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 return of 6.75% which was roughly at the 45^{th} 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%.

NOTE 8 - PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, 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 liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the County Retirement Plan Net Pension Liability (Asset)	$ 633,395	$ 160,759	$ (195,300)

NOTE 8 - PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2024, the Authority recognized pension expense of $62,981. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 41,579	$ 48,653
Change in assumptions	26,259	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,930	-
Net difference between projected and actual earnings on pension plan investments	-	25,486
Employer contributions subsequent to the measurement date	77,980	-
Total	$ 148,748	$ 74,139

$77,980 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal 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 in future reporting periods as follows:

Year ended June 30	
2025	$ (9,470)
2026	(30,944)
2027	33,117
2028	3,926
Thereafter	-

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 https://www.varetire.org/pdf/publications/2023-annual-report-pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $9,254 as of June 30, 2024.

Contributions

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

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

Contributions: (Continued)

employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 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 Group Life Insurance Plan from the entity $3,057 and $2,836 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 Authority's proportionate share is reflected in other operating revenues on Exhibit 2 of the financial statements.

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

At June 30, 2024, the entity reported a liability of $26,737 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 Plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023 and June 30, 2022, the participating employer's proportion was 0.0022%.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of $1,613. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,670	$ 812
Net difference between projected and actual earnings on GLI OPEB plan investments	-	1,074
Change in assumptions	572	1,852
Changes in proportionate share	751	339
Employer contributions subsequent to the measurement date	3,057	-
Total	$ 7,050	$ 4,077

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

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

$3,057 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 Ended June 30		
2024	$	49
2025		(986)
2026		452
2027		71
2028		330
Thereafter		-

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

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

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

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

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

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

Mortality Rates – Non-Largest Ten Locality Employers – General Employees: (Continued)

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

NET GLI OPEB Liability

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

		GLI OPEB Plan
Total GLI OPEB Liability	$	3,907,052
Plan Fiduciary Net Position		2,707,739
GLI Net OPEB Liability (Asset)	$	1,199,313
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.

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	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%
Total	100.00%		5.75%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.25%

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 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.

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

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

		Rate	
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 39,633	$ 26,737	$ 16,311

Group Life Insurance Plan Fiduciary Net Position

Detailed information about the GLI Plan'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 http://www.varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 10 - LEASES RECEIVABLE:

The Authority leases hangar space to On Wing LLC under a lease contract, in which $6,384 will be received monthly until December 31, 2024. The monthly amount will then increase once per year based on the Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers. In fiscal year 2024, the Authority recognized lease and interest revenue in the amount of $67,310 and $7,730, respectively. A description of the lease is as follows:

Lease Description	Start Date	End Date	Length of Lease Term (in months)	Payment Frequency	Discount Rate	Receivable Balance
On Wing LLC	1/1/2023	12/31/2028	60	Monthly	4.480%	$ 333,601
Total						$ 333,601

Expected future payments at June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 64,400	$ 13,356	$ 77,756
2026	69,735	10,354	80,089
2027	75,385	7,106	82,491
2028	81,368	3,598	84,966
2029	42,713	400	43,113
Total	$ 333,601	$ 34,814	$ 368,415

NOTE 11 - LITIGATION:

As of June 30, 2024, management has no knowledge of any pending legal action against the Authority.

NOTE 12 - RISK MANAGEMENT:

The Authority contracts with commercial insurance carriers for property and liability coverages. Health insurance is provided through the County of Frederick's Health Insurance Fund, a public entity risk pool. Unemployment insurance is fully self-insured.

The amount of claims incurred but not reported as of June 30, 2024, relative to the Authority's participation in the County's health insurance plan is not available. The amount of unemployment claims unpaid and/or not reported at June 30, 2024 is insignificant.

There have been no reductions in insurance coverages or settlements in excess of insurance coverages in the past three fiscal years.

NOTE 13 - UPCOMING PRONOUNCEMENTS:

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

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

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

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

- Required Supplementary Information -

Schedule of Authority's Proportionate Share of the Net Pension Liability - Pension Plan
For the Measurement Dates of June 30, 2014 through 2023

Authority's Share of Frederick County Pension Plan (administered by the VRS)

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
2023	1.0064%	$ 160,759	$ 532,446	30.19%	93%
2022	0.9915%	121,498	476,644	25.49%	94%
2021	0.9529%	50,008	439,431	11.38%	98%
2020	0.9468%	338,225	438,753	77.09%	82%
2019	0.9428%	214,433	409,575	52.35%	87%
2018	1.0531%	173,967	425,559	40.88%	90%
2017	1.0321%	152,185	394,832	38.54%	90%
2016	1.0913%	254,815	399,753	63.74%	88%
2015	1.1540%	181,119	417,580	43.37%	88%
2014	1.1361%	161,047	346,305	46.50%	89%

Schedule of Employer Contributions - Pension Plan
Years Ended June 30, 2015 through June 30, 2024

Date		Contractually Required Contribution (1)*		Contributions in Relation to Contractually Required Contribution (2)*		Contribution Deficiency (Excess) (3)		Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	$	77,980	$	77,980	$	-	$	573,804	13.59%
2023		72,614		72,614		-		532,446	13.64%
2022		60,256		60,256		-		476,644	12.64%
2021		55,688		55,688		-		439,431	12.67%
2020		48,332		48,332		-		438,753	11.02%
2019		45,366		45,366		-		409,575	11.08%
2018		45,705		45,705		-		425,559	10.74%
2017		42,405		42,405		-		394,832	10.74%
2016		48,570		48,570		-		399,753	12.15%
2015		59,645		59,645		-		417,580	14.28%

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

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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:

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

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

Schedule of Authority's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2023

Authority's Share of Frederick County Group Life Insurance Plan (administered by the VRS)

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2023	0.0022%	$ 26,737	$ 525,185	5.09%	69.30%
2022	0.0022%	25,426	459,259	5.54%	67.21%
2021	0.0021%	24,696	440,746	5.60%	67.45%
2020	0.0021%	35,475	439,336	8.07%	52.64%
2019	0.0021%	37,982	409,637	9.27%	52.00%
2018	0.0023%	34,700	434,447	7.99%	51.22%
2017	0.0022%	33,058	413,440	8.00%	48.86%

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

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
Years Ended June 30, 2017 through June 30, 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	$ 3,057	$ 3,057	$	$ 566,111	0.54%
2023	2,836	2,836	-	525,185	0.54%
2022	2,480	2,480	-	459,259	0.54%
2021	2,365	2,365	-	440,746	0.54%
2020	2,275	2,275	-	439,336	0.52%
2019	2,130	2,130	-	409,637	0.52%
2018	2,259	2,259	-	434,447	0.52%
2017	2,075	2,075	-	413,440	0.50%

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

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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:

Non-Largest Ten Locality Employers - General Employees

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

- Other Supplementary Information -

Schedule of Revenues and Expenses--Budget and Actual
Budgetary Basis
Year Ended June 30, 2024

	Original Budget	Budget as Amended	Actual	Variance From Amended Budget Positive (Negative)
Operating revenues:				
Revenue from local sources:				
Sales--fuel, oil and other merchandise	$ 2,899,526	$ 2,899,526	$ 1,810,049	$ (1,089,477)
Rental accounts	-	-	687,107	687,107
Land leases	-	-	28,190	28,190
Other services, fees, commissions	-	-	196,000	196,000
Total operating revenues	$ 2,899,526	$ 2,899,526	$ 2,721,346	$ (178,180)
Operating expenses:				
Salaries	$ 674,910	$ 703,899	$ 655,840	$ 48,059
Fringe benefits	347,841	354,733	275,780	78,953
Professional services	35,000	35,000	83,735	(48,735)
Repair and maintenance	22,000	22,000	14,299	7,701
Other contractual services	46,700	40,065	32,799	7,266
Utilities	89,000	98,300	96,316	1,984
Insurance	53,500	53,500	50,693	2,807
Materials and supplies	51,750	52,700	45,957	6,743
Merchandise for resale	1,460,500	1,414,100	1,229,800	184,300
Equipment rental	-	30,000	29,758	242
Other operating expenses	51,870	53,621	6,892	46,729
Total operating expenses	$ 2,833,071	$ 2,857,918	$ 2,521,869	$ 336,049
Nonoperating revenues (expenses):				
Contributions from participant localities	$ 56,785	$ 56,785	$ 56,785	$ -
Interest expense	(90,240)	(101,275)	(39,640)	61,635
Revenue from the Commonwealth:				
Noncapital grants	18,500	18,500	5,051	(13,449)
Total nonoperating revenues (expenses)	$ (14,955)	$ (25,990)	$ 22,196	$ 48,186
Excess (deficiency) of revenues over (under) expenses	$ 51,500	$ 15,618	$ 221,673	$ 206,055

Schedule of Capital Revenues and Expenses--Budget and Actual
Budgetary Basis
Year Ended June 30, 2024

	Original Budget	Revised Budget	Actual	Variance From Amended Budget Positive (Negative)
Capital Contributions:				
Capital revenues from local sources:				
Clarke County	$ -	$ 5,000	$ 5,000	$ -
Shenandoah County	-	5,000	5,000	-
Warren County	-	5,000	5,000	-
Frederick County	-	148,150	104,237	(43,913)
City of Winchester	-	35,163	31,488	(3,675)
Other localities	-	-	13,496	13,496
Total capital revenues from local sources	$ -	$ 198,313	$ 164,221	$ (34,092)
Capital revenues from the Commonwealth:				
General aviation terminal building design and construction	$ -	$ 791,150	$ 2,956,381	$ 2,165,231
Total capital revenues from the Commonwealth	$ -	$ 791,150	$ 2,956,381	$ 2,165,231
Capital revenues from the Federal Government:				
Apron Design	$ -	$ 6,363,853	$ 1,642,091	$ (4,721,762)
Total capital revenues from the Federal Government	$ -	$ 6,363,853	$ 1,642,091	$ (4,721,762)
Total capital contributions	$ -	$ 7,353,316	$ 4,762,693	$ (2,590,623)
Capital expenses:				
Professional services-legal	$ -	$ 112,437	$ 56,684	$ 55,753
Machinery and equipment	-	68,440	61,940	6,500
Land acquisition - Parcel 64	-	320,778	223,009	97,769
Buildings	-	73,000	73,000	-
Environmental Assessment	-	327,778	242,450	85,328
Relocate Taxiway A	-	6,134,861	1,423,722	4,711,139
Terminal Building and design	-	11,157,930	7,110,508	4,047,422
Terminal Building renovations	-	65,555	-	65,555
Runway obstruction removal	-	334,573	4,573	330,000
Lease/rent of equipment	-	17,182	-	17,182
Total capital expenses	$ -	$ 18,612,534	$ 9,195,886	$ 9,416,648
Excess (deficiency) of capital revenues over (under) expenses	$ -	$ (11,259,218)	$ (4,433,193)	$ 6,826,025

COMPLIANCE SECTION

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

To the Honorable Members of the Board of Directors
Winchester Regional Airport Authority
Winchester, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Winchester Regional Airport Authority as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Winchester Regional Airport Authority's basic financial statements and have issued our report thereon dated March 19, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 19, 2025

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

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

To the Honorable Members of the Board of Directors
Winchester Regional Airport Authority
Winchester, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Winchester Regional Airport Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Winchester Regional Airport Authority's major federal programs for the year ended June 30, 2024. Winchester Regional Airport Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

- Identify and assess the 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 Winchester Regional Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Winchester Regional Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Winchester Regional Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance: (Continued)

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 19, 2025

WINCHESTER REGIONAL AIRPORT AUTHORITY

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Direct Payments:			
Airport Improvement Program	20.106	N/A	$ 1,642,091

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Winchester Regional Airport Authority under the program of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the reporting 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 Winchester Regional Airport Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Winchester Regional Airport Authority.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the Authority's basic financial statements as follows:

Capital contributions of federal revenues on Schedule 2, page 51	$ 1,642,091
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 1,642,091

Note 4 - De Minimis Cost Rate

The Authority did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 5 - Subrecipients

No awards were passed through to subrecipients.

WINCHESTER REGIONAL AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)?	No

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

WINCHESTER REGIONAL AIRPORT AUTHORITY

Summary Schedule of Prior Year Findings
Year Ended June 30, 2024

There were no findings reported for the year ended June 30, 2023.