CRATER CRIMINAL JUSTICE TRAINING ACADEMY

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2024

C O N T E N T S

Independent Auditor's Report

To the Honorable Members of the Board of Directors
Crater Criminal Justice Training Academy
Disputanta, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Crater Criminal Justice Training Academy (the "Academy") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy'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 Academy, as of June 30, 2024, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy'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 Academy'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 other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Partial Comparative Information

We have previously audited the Academy's 2023 financial statements, on which, in our report dated December 11, 2023, we expressed an unmodified opinion. The 2023 financial information is provided for comparative purposes only.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying statement of revenues and expenses – budget and actual is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 December 5, 2024 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 5, 2024

CRATER CRIMINAL JUSTICE TRAINING ACADEMY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The following discussion of the Crater Criminal Justice Training Academy's (the "Academy") financial performance provides an overview of the Academy's financial activities for the fiscal year ended June 30, 2024 and is required supplementary information. Please read it in conjunction with the Academy's financial statements, which follow this section.

Financial Highlights

Selected financial information for 2024 and 2023 is as follows:

	2024	2023
Total net capital assets	$ 4,787,474	$ 1,481,061
Total assets	7,493,143	6,960,635
Total deferred outflows	25,718	32,262
Total long-term liabilities	5,209,669	5,339,537
Total liabilities	5,938,224	5,730,580
Total deferred inflows	48,589	28,792
Total operating revenues	1,726,471	1,554,946
Total net non-operating expenses	53,782	124,632
Total operating expenses (to include depreciation and amortization)	1,374,166	1,454,430
Change in net position	298,523	(23,040)
Ending net position	1,532,048	1,233,525

- Capital assets increased by $3,306,413 from FY2023 to FY2024. This increase is due to $3,362,637 in purchases of capital assets (building expansion and vehicle) net of current year depreciation on assets of $56,224 during Fiscal Year 2023-2024**.** The Academy did not dispose of any assets in FY2024, but did write off $34,346 in assets no longer in service.

- Total assets increased by $532,508. This increase is due in most part to the addition of construction in progress on the building expansion project, less the use of bond proceeds. Operating cash declined by $43,431. The net pension asset increased by $40,028, while accounts receivable increased by $71,955, the intangible leased asset decreased by $8,018 and prepaid expenses increased by $1,787.

- Operating revenues increased when compared with the prior year, due to increases in contributions from member agencies and State grant revenue from the Department of Criminal Justice Services. The per-capita based member rate increased 32% for the fiscal year, from $552.50 to $729.30, primarily to pay for debt service on the bonds issued in 2022.

- Operating expenses other than depreciation decreased $200,167 during the fiscal year. This change was primarily due to a decline in grant-related expenses.

- Personnel costs increased by $119,903 from FY2023 to FY2024. This increase was primarily due to the need for part time staff to conduct classes that had previously been led by volunteer instructors from member localities. Cost of living and benefit increases also contributed to the increase.

Overview of the Financial Statements

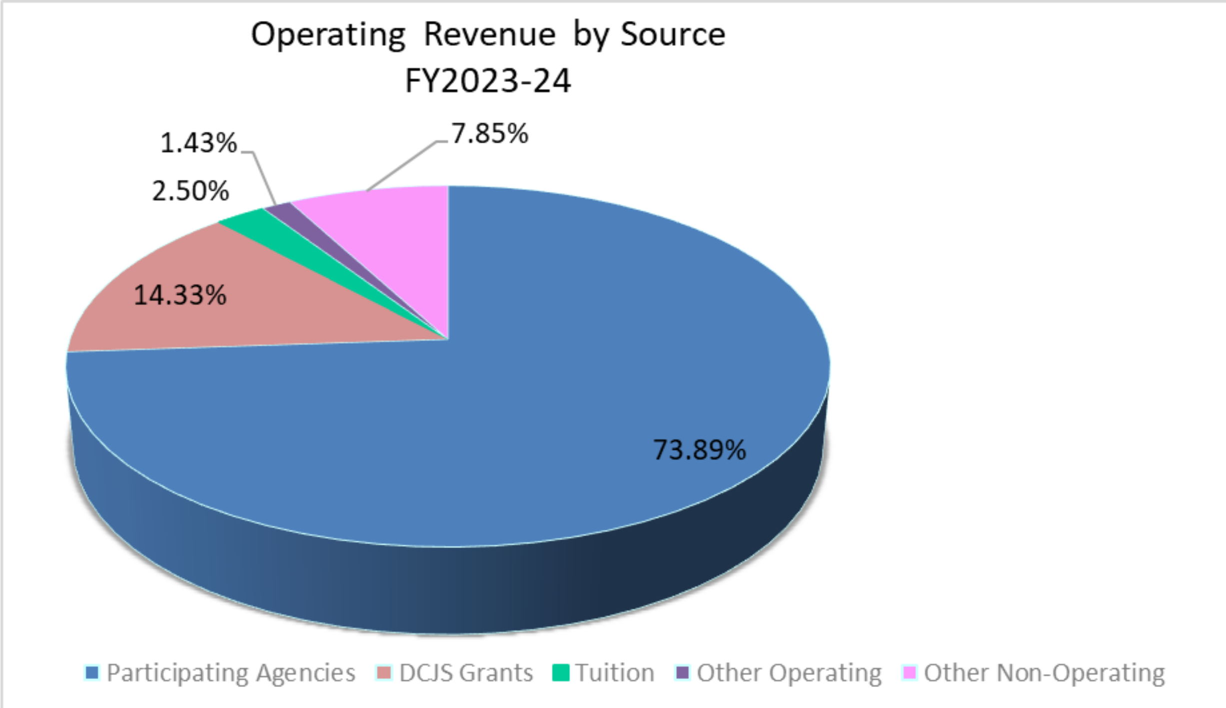
The Academy's financial report consists of two sections: the financial section and the compliance section. The financial section contains the Independent Auditors' Report on the Financial Statements, Management's Discussion and Analysis (this section), the basic financial statements (discussed below), and the required supplementary information. The compliance section contains the Auditors' Report on Internal Control Over Financial Reporting.

The basic financial statements are comprised of two components: (1) financial statements and (2) notes to the financial statements. A schedule of revenues and expenses – budget to actual is included as supplementary information.

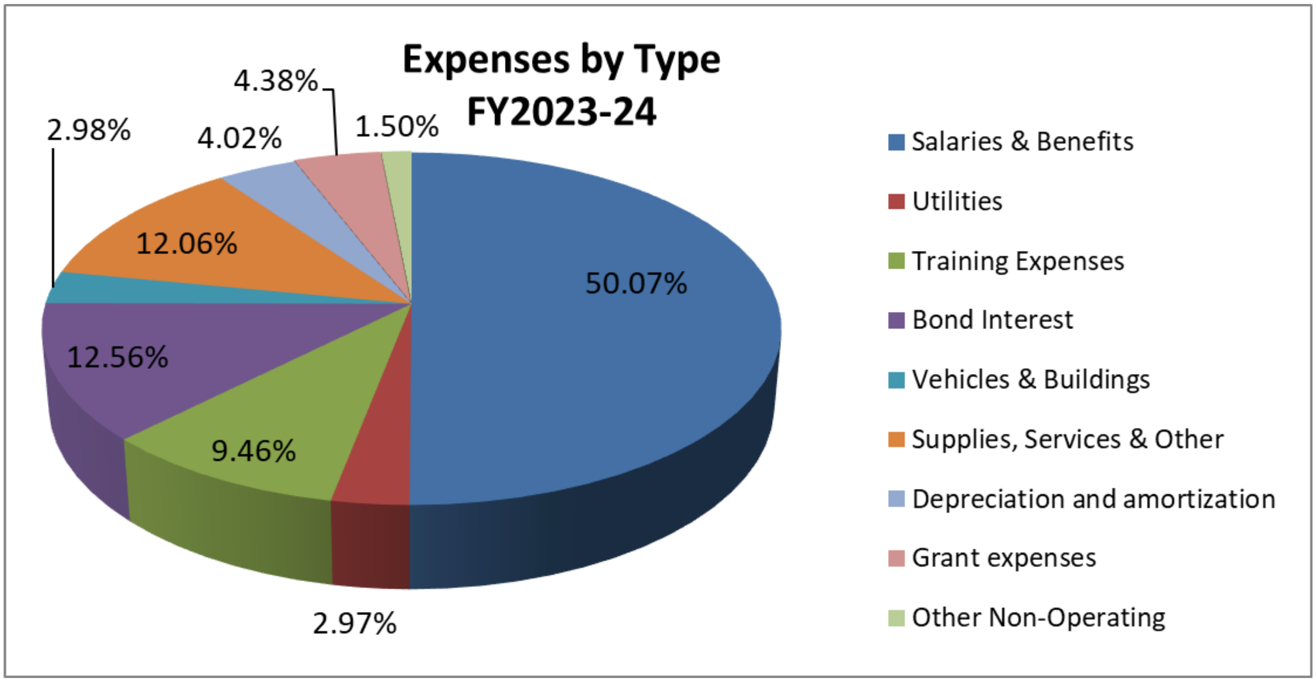
The financial statements of the Academy offer short and long-term financial information about its activities. The statements of net position provide information about the nature and amounts of the Academy's cash, receivables (assets), and its obligations to creditors (liabilities). All of the Academy's current fiscal year revenues and expenses are accounted for in the statements of revenues, expenses and changes in net position. The statements measure whether the Academy successfully recovered all of its cost through user charges from its customers. The statements of cash flows provide information on the Academy's cash receipts, cash payments, and net changes in cash resulting from operating, investing, capital, and non-capital financial activities. It also provides insight on the source of cash, the use of cash and cash changes during the reporting period.

Financial Analysis

The Academy receives funding from thirty-seven-member law-enforcement agencies and five contract law-enforcement agencies who receive training from the Academy. These agencies contribute a specific tuition amount based on a per person subject to training calculation, which for FY2023-2024 increased from $552.50 to $729.30. The Academy also receives state funding through the Department of Criminal Justice Services. A third source of revenue is private tuition received from students attending the Academy. A breakdown of the Academy's funding is as follows:


Operating Revenue by Source
FY2023-24
1.43%
7.85%
2.50%
14.33%
73.89%
Participating Agencies
DCJS Grants
Tuition
Other Operating
Other Non-Operating

Approximately 50.07% of the Academy's expenses during FY2023-2024 were attributable to salaries and benefits for the Academy's seven full-time staff and part-time instructors. Training expenses were responsible for 9.46% of the Academy's expenses during the year, and depreciation, amortization and debt service costs represented 16.58% of the total Academy expenses. A chart illustrating the Academy's expenses is as follows:



Budgetary Highlights

Within the context of a fiscally conservative budget, the Academy must continue to provide basic and in-service training programs to member law enforcement agencies. The Academy's Executive Director prepares the annual operating budget that is presented to the Academy's Finance Committee, and ultimately to the Board of Directors for approval. Only the Academy's Board may revise the total budget amount. All expenditures are authorized through the Academy's procurement process with attention paid to budgeted amounts. The Academy Board's Executive Committee can authorize expenditures and budget amendments up to and including $15,000. Expenditures and budgetary amendments exceeding this amount must be approved by the Academy's Board of Directors.

Economic Factors and Next Year's Budget

- Economic conditions in the region in FY2024-2025 are expected to be positive compared to FY2023-2024 due to easing inflationary pressures and lower Fed rates. Most major sources of revenue to the Academy are projected to increase or remain stable in the coming fiscal year. Anticipated state funding will increase over time due to the addition of member agencies, as well as the availability of new grant funding. The per capita membership amount increased by 5.0% to $765.77 for FY2024-2025, primarily to cover salary/benefit increases as well as inflation adjusted operating costs.

- The Academy's adopted 2024-2025 budget increased approximately 14.0% when compared with the FY2023-2024 adopted budget. This increase is primarily due to increased member revenue including one-time revenue that was directed towards one-time capital spending. Interest income also increased due to the Academy's investing free cash flow in the State's Local Government Investment Pool.

Contacting the Academy Management

The financial report is designed to provide our customers and creditors with a general overview of the Academy's financial position and to demonstrate the Academy's accountability for revenues received. Questions concerning information provided in this report or requests for additional financial information should be directed to the Academy's Executive Director at (804) 722-9742, extension 132 or Crater Criminal Justice Training Academy, 6130 County Drive, Disputanta, VA 23842.

CRATER CRIMINAL JUSTICE TRAINING ACADEMY
STATEMENTS OF NET POSITION
Years Ended June 30, 2024 and 2023

ASSETS		**2024**		(For Comparative Purposes Only) **2023**
Unrestricted current assets:				
Cash	$	369,746	$	413,177
Accounts receivable - Local		29,515		26,187
Accounts receivable - State		68,627		-
Prepaid expenses		5,226		3,439
Total unrestricted current assets		473,114		442,803
Restricted current assets:				
Cash - bond construction funds		2,143,090		4,979,316
Noncurrent assets:				
Capital assets, net		4,787,474		1,481,061
Intangible leased asset, net		10,021		18,039
Net pension asset		79,444		39,416
Total noncurrent assets		4,876,939		1,538,516
Total assets	$	7,493,143	$	6,960,635
Deferred outflows of resources:				
Deferred outflow of resources - pension plan	$	20,080	$	23,087
Deferred outflow of resources - OPEB		5,638		9,175
Total deferred outflow of resources		25,718		32,262
Total assets and deferred outflow of resources	**$**	**7,518,861**	**$**	**6,992,897**
LIABILITIES AND NET POSITION				
Current liabilities:				
Unearned revenue	$	66,086	$	39,179
Accounts payable		315,894		81,940
Compensated absences & payroll liabilities		61,761		54,587
Interest payable		83,232		84,107
Lease liability, current		8,582		8,230
Bonds payable, current portion		193,000		123,000
Total current liabilities		728,555		391,043
Noncurrent liabilities:				
Lease liability, less current portion		2,205		10,787
Bonds payable, less current portion		5,083,000		5,276,000
Arbitrage rebate liability		109,952		36,374
Net OPEB liability		14,512		16,376
Total noncurrent liabilities		5,209,669		5,339,537
Total liabilities		5,938,224		5,730,580
Deferred Iiflows of resources:				
Deferred inflow of resources - pension plan		43,108		22,998
Deferred inflow of resources - OPEB		5,481		5,794
Total deferred inflow of resources		48,589		28,792
Net position:				
Net investment in capital assets		1,653,798		1,060,399
Restricted for net pension asset		79,444		39,416
Unrestricted		(201,194)		133,710
Total net position		1,532,048		1,233,525
Total liabilities, deferred inflows of resources, and net position	**$**	**7,518,861**	**$**	**6,992,897**

See Notes to Financial Statements.

CRATER CRIMINAL JUSTICE TRAINING ACADEMY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2024 and 2023

	2024	(For Comparative Purposes Only) 2023
Operating revenues:		
Local jurisdictions	$ 1,384,287	$ 1,018,582
Department of Criminal Justice Services	268,463	480,236
Tuition	46,885	22,600
Other	26,836	33,528
Total operating revenues	1,726,471	1,554,946
Personnel expenses:		
Salaries	684,263	573,045
Retirement and other benefits	116,547	107,862
Total personnel expenses	800,810	680,907
Operating expenses other than depreciation:		
Bad debts	1,012	16
Insurance	17,687	15,983
Professional services	87,910	76,938
Travel and continuing education	11,297	6,342
Office supplies and postage	67,452	62,844
Miscellaneous	7,543	7,388
Training expenses	151,202	161,434
Repairs, custodial, and maintenance	36,451	35,239
Utilities	47,426	45,243
Grants	70,000	283,055
Vehicle maintenance and repairs	11,134	14,799
Total operating expenses other than depreciation	509,114	709,281
Operating income before depreciation	416,547	164,758
Depreciation and amortization	(64,242)	(64,242)
Operating income	352,305	100,516
Nonoperating revenues (expenses):		
Bond issuance costs	-	(124,432)
Other	(24,061)	8,757
Interest income	171,183	124,632
Interest expense	(200,904)	(132,513)
Total net nonoperating revenues (expenses)	(53,782)	(123,556)
Change in net position	298,523	(23,040)
Net position, beginning	1,233,525	1,256,565
Net position, ending	$ 1,532,048	$ 1,233,525

See Notes to Financial Statements.

CRATER CRIMINAL JUSTICE TRAINING ACADEMY

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	2024	(For Comparative Purposes Only) 2023
Cash flows from operating activities		
Cash receipts from local contributions	$ 1,407,866	$ 817,067
Cash receipts from Department of Criminal Justice Services	199,836	480,236
Cash receipts from tuition	46,885	22,600
Cash receipts from other operating income	26,836	33,528
Cash payments to employees for service	(809,187)	(674,658)
Cash payments for operating expenses	(276,947)	(671,792)
Net cash provided by operating activities	595,289	6,981
Cash flows from non-capital financing activities		
Payments (for) from other non-operating activities	(24,061)	8,757
Net cash provided by (used in) non-capital financing activities	(24,061)	8,757
Cash flows from capital and related financing activities		
Purchases of capital assets	(3,362,637)	(193,145)
Payment of lease liabilities	(8,230)	(7,892)
Payment of long-term debt	(123,000)	(120,000)
Proceeds from issuance of long-term debt	-	5,150,000
Bond issuance costs	-	(124,432)
Interest paid	(201,779)	(52,698)
Net cash provided by (used in) capital and related financing activities	(3,695,646)	4,651,833
Cash flows from investing activities		
Interest received	244,761	161,006
Net cash provided by investing activities	244,761	161,006
Net changes in cash	(2,879,657)	4,828,577
Cash, beginning	5,392,493	563,916
Cash, ending	$ 2,512,836	$ 5,392,493
Cash, as shown on statements of net assets		
Cash, current assets	$ 369,746	$ 413,177
Reconciliation to sttaement of net position:		
Cash	369,746	413,177
Cash - bond construction funds	2,143,090	4,979,316
	$ 2,512,836	$ 5,392,493
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 352,305	$ 100,516
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	64,242	64,242
Decrease in deferred outflows due to pension plan	3,007	1,784
Increase in deferred outflows due to OPEB	3,537	5,240
Increase in deferred inflows due to pension plan	20,110	401
Decrease in deferred inflows due to OPEB	(313)	(2,914)
Changes in assets and liabilities:		
Accounts receivable	(71,955)	(7,281)
Prepaid expenses	(1,787)	(253)
Unearned revenue	26,907	(194,234)
Net pension asset	(40,028)	(6,291)
Accounts payable	233,954	37,742
Net OPEB liability	(1,864)	(156)
Compensated absences and payroll liabilities	7,174	8,185
Net cash provided by operating activities	$ 595,289	$ 6,981

See Notes to Financial Statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: The Crater Criminal Justice Training Academy (the "Academy") is a regional education and training institution organized under the Joint Exercise of Powers Act of the Code of Virginia for law enforcement and criminal justice personnel. The Academy is located in Prince George County, Virginia and serves participating local area government jurisdictions.

A summary of the Academy's significant accounting policies follows:

Basis of accounting: The Academy utilizes the economic resources management focus and the accrual basis of accounting in preparing its financial statements where revenues are recognized when earned and expenses when incurred. The Academy utilizes an enterprise fund that is used to account for its operations that are solely financed and operated in a manner similar to private business or where the Academy has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The accounting policies of the Academy conform to generally accepted accounting principles (GAAP) as applicable to proprietary funds of governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Academy has applied all applicable GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Academy's enterprise fund are charges to localities for services. Operating expenses for the Academy's enterprise fund include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and cash equivalents: For purposes of the statements of cash flows, the Academy considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts receivable: The Academy evaluates its accounts receivable individually. A charge to income to absorb possible credit losses is provided when, in the opinion of management, it is appropriate.

The Academy maintains an allowance for uncollectible accounts. The allowance is based upon management's assessment of historical and expected net collections. Accounts written off as uncollectible are deducted from the allowance and recoveries are added. At June 30, 2024 and 2023, all accounts have been deemed collectible by management.

Capital assets: Property and equipment in excess of $5,000 are stated at cost and depreciated using the straight-line method based on the estimated useful lives of 3 to 39 years as listed or as follows:

Office equipment and computers	5 - 7 years
Vehicles and maintenance equipment	5 years
Buildings	15 - 39 years
Training equipment	3 - 7 years

Note 1. Nature of Business and Significant Accounting Policies (Continued)

When assets are disposed, the related costs and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognized in the current year's operations.

Maintenance and ordinary repairs are charged to expense as incurred. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy has multiple items that qualify for reporting in this category. It is comprised of certain items related to the measurement of the net pension asset and the net OPEB liability and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB measurement date. For more detailed information, reference the pension and OPEB notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Under the accrual basis of accounting, certain items related to the measurement of the net pension asset and the net OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, reference the OPEB note.

Unearned revenue: Unearned revenue represents fees collected by the Academy in the current year-end for training that will be performed in the subsequent fiscal year. Revenue will be recognized in the next fiscal year as services are provided.

Pensions: For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Academy's Retirement Plan and the additions to/deductions from the Academy'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.

Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program 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. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB'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.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Revenue: The Academy receives revenue primarily from the participating local jurisdictions and the Virginia Department of Criminal Justice Services. Revenue from jurisdictions which do not participate is received in the form of tuition.

Net position: Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net investment in capital assets is net of related debt and excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position is also restricted in relation to the net pension asset.

The Academy first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Credit risk: Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of cash and trade accounts receivable. The Academy places its cash with high credit quality financial institutions whose credit ratings are monitored by management to minimize credit risk. The concentration of credit risk for accounts receivable is limited due to the majority of customers being local government entities.

Estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

Note 2. Cash

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

Investments

Investment Policy:

In accordance with the *Code* and other applicable law, including regulations, the Academy has invested unspent debt proceeds in the Virginia State Non-Arbitrage Program (SNAP). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia local governments. The SNAP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the SNAP is less than one year.

Credit Risk:

The Academy's investment in SNAP is rated AAAm by Standard and Poor's and represent 100% of the Academy's investments.

Due to the nature of the SNAP program, the unspent debt proceeds held by SNAP are shown as restricted cash – bond construction funds on the statement of net position. In addition, as of June 30, 2024, the SNAP program estimated an arbitrage rebate liability of $109,952 associated with the earnings of the Academy's invested debt proceeds.

Note 3. Capital Assets

Capital assets owned by the Academy at June 30, 2024 consist of the following:

	Balance 1-Jul-23	Increases	Decreases	Balance 30-Jun-24
Capital assets not being depreciated:				
Land	$ 297,399	$ -	$ -	$ 297,399
Construction in process	193,145	3,323,082	-	3,516,227
Total capital assets not being depreciated	490,544	3,323,082	-	3,813,626
Other capital assets being depreciated:				
Building	1,858,350	-	-	1,858,350
Equipment	157,539	-	(32,747)	124,792
Vehicles	1,599	39,555	(1,599)	39,555
Total other capital assets being depreciated	2,017,488	39,555	(34,346)	2,022,697
Less, accumulated depreciation for:				
Building	887,153	49,946	-	937,099
Equipment	138,219	6,278	(32,747)	111,750
Vehicles	1,599	-	(1,599)	-
Total accumulated depreciation	1,026,971	56,224	(34,346)	1,048,849
Capital assets being depreciated,	990,517	(16,669)	-	973,848
net	1,481,061	3,306,413	-	4,787,474
Lease assets:				
Equipment	40,088	-	-	40,088
Less accumulated amortization	22,049	8,018	-	30,067
Total lease assets being amortized, net	$ 18,039	$ (8,018)	$ -	$ 10,021

Intangible Right-to-Use Lease Asset

Intangible right-to-use assets are being amortized over the lease term for each lease. Terms of the leases are described in Note 5.

Note 3. Capital Assets (Continued)

Capital assets owned by the Academy at June 30, 2023 consist of the following:

	Balance 1-Jul-22	Increases	Decreases	Balance 30-Jun-23
Capital assets not being depreciated:				
Land	$ 297,399	$ -	$ -	$ 297,399
Construction in process	-	193,145	-	193,145
Total capital assets not being depreciated	297,399	193,145	-	490,544
Other capital assets being depreciated:				
Building	1,858,350	-	-	1,858,350
Equipment	157,539	-	-	157,539
Vehicles	1,599	-	-	1,599
Total other capital assets being depreciated	2,017,488	-	-	2,017,488
Less, accumulated depreciation for:				
Building	837,207	49,946	-	887,153
Equipment	131,941	6,278	-	138,219
Vehicles	1,599	-	-	1,599
Total accumulated depreciation	970,747	56,224	-	1,026,971
Capital assets being depreciated,	1,046,741	(56,224)	-	990,517
net	1,344,140	136,921	-	1,481,061
Lease assets:				
Equipment	40,088	-	-	40,088
Less accumulated amortization	14,031	8,018	-	22,049
Total lease assets being amortized, net	$ 26,057	$ (8,018)	$ -	$ 18,039

Construction Commitments

As of June 30, 2024, the Academy has a remaining construction commitment of $1,635,343 for the Building Expansion project. The project was substantially complete as of November 2024.

Note 4. Compensated Absences

The Academy's employees are granted annual leave in varying amounts as services are provided. Employees may accumulate, subject to certain vesting limitations, unused vacation pay. Sick time is also allowed to accumulate; however, it does not vest. Compensated absences balances amounted to $27,335 and $19,434 for June 30, 2024 and 2023, respectively. All compensated absences are considered current.

Note 5. Long Term Liabilities

Bonds Payable:

Description	Original Amount	2024	2023
Series 2015 Revenue Refunding Bonds: $1,125,000 due in annual installments ranging from $103,000 to $126,000, through 2024, bearing interest at a rate of 2.81% . The revenues for debt service payments of the Academy are pledged to pay the principal and interest of the bonds. The proceeds refunded the remainder of the Academy's 2004C series bonds.	$ 1,125,000	$ 126,000	$ 249,000
Series 2023 Revenue Bonds: $5,150,000 due in annual installments ranging from $67,000 to $383,000, through 2043, bearing interest at a rate of 3.81% . The revenues for debt service payments of the Academy are pledged to pay the principal and interest of the bonds. The proceeds are being used to finance the Academy's building expansion.	5,150,000	5,150,000	5,150,000
Bonds payable, current		$ 193,000	$ 123,000
Bonds payable, noncurrent		5,083,000	5,276,000
		$ 5,276,000	$ 5,399,000

Note 5. Long Term Liabilities (Continued)

Bonds Payable (Continued):

Description	Original Amount	2023	2022
Series 2015 Revenue Refunding Bonds: $1,125,000 due in annual installments ranging from $103,000 to $126,000, through 2024, bearing interest at a rate of 2.81% . The revenues for debt service payments of the Academy are pledged to pay the principal and interest of the bonds. The proceeds refunded the remainder of the Academy's 2004C series bonds.	$ 1,125,000	$ 249,000	$ 369,000
Series 2022 Revenue Bonds: $5,150,000 due in annual installments ranging from $67,000 to $383,000, through 2043, bearing interest at a rate of 3.81% . The revenues for debt service payments of the Academy are pledged to pay the principal and interest of the bonds. The proceeds are being used to finance the Academy's building expansion.	5,150,000	5,150,000	-
Bonds payable, current		$ 123,000	$ 120,000
Bonds payable, noncurrent		5,276,000	249,000
		$ 5,399,000	$ 369,000

Intangible Right-to-Use Lease Liabilities

Copier Leases

The Academy leases a copier/printer from Great American Financial Services for a term of 60 months. The lease requires a minimum monthly lease payment of $739, plus additional charges for excess usage and excluding applicable taxes. For purposes of discounting future payments on the lease, the Academy used the interest rate (4.2%) on its recent bank financing agreement to determine an appropriate discount rate. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 3.

The annual minimum lease payments under the existing lease are as follows:

	Lease Obligations	
	Principal	Interest
2025	$ 8,582	$ 289
2026	2,205	15

Note 6. Defined Benefit Pension Plan (Continued)

Plan Description

The Academy joined the Virginia Retirement System in January, 2017. All full-time, salaried permanent employees of the Academy are automatically covered by VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System ("VRS" or the "System") along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	1
Inactive members:	
Vested inactive members	-
Non-vested inactive members	1
LTD	-
Inactive members active elsewhere in VRS	2
Total inactive members	4
Active members	5
Total covered employees	9

Note 6. Defined Benefit 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 Academy's contractually required contribution rate for the year ended June 30, 2024, was 4.73% 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 Academy were $9,613 and $9,322 for the years ended June 30, 2024 and 2023, respectively.

Net Pension Liability (Asset)

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

Actuarial Assumptions

The total pension liability for General Employees and Public Safety Employees with Hazardous Duty Benefits in the Academy'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%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

Note 6. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

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 are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates to better fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

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:

Note 6. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

Asset Class (Strategy)	Target 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 for 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 rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

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

Note 6. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (Asset) (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2022	$ 125,547	$ 164,963	$ (39,416)
Changes for the year:			
Service cost	17,322	-	17,322
Interest	9,601	-	9,601
Benefit changes	-	-	-
Differences between expected and actual experience	(33,567)	-	(33,567)
Assumption changes	-	-	-
Contributions – employer	-	9,322	9,322
Contributions – employee	-	12,382	12,382
Net investment income	-	11,771	11,771
Benefit payments, including refunds	(1,261)	(1,261)	-
Administrative expenses	-	(96)	96
Other changes	-	5	(5)
Net changes	(7,905)	32,123	(40,028)
Balances at June 30, 2023	$ 117,642	$ 197,086	$ (79,444)

Note 6. Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Academy's net pension liability (asset)	$ (52,769)	$ (79,444)	$ (98,505)

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

For the year ended June 30, 2024, the Academy recognized pension expense of ($16,911) At June 30, 2024, the Academy 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	$ 9,832	$ 40,691
Change in assumptions	635	1,096
Net difference between projected and actual earnings on pension plan investments	-	1,321
Employer contributions subsequent to the measurement date	9,613	-
Total	$ 20,080	$ 43,108

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

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

The $9,613 reported as deferred outflows of resources related to pensions resulting from the Academy'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 as follows:

Year Ending June 30,	Effect on Pension Expense
2025	$ (10,055)
2026	(10,455)
2027	(6,430)
2029	(5,622)
2029	(79)
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 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.

Defined Contribution Plan

The Academy maintains a 403(b) Custodial Account Plan, administered by American Funds. Under this defined contribution plan, the Academy contributes 8% of the gross wages of one full-time employee who is not participating in the Virginia Retirement Plan. Prior to joining VRS in January, 2017, the Academy contributed 8% of the gross wages for all full-time employees. The Academy's contributions for 2024 and 2023 were $6,425 and $5,584 respectively. For 2024 and 2023, employees may contribute up to $22,500 ($30,000 if age 50 or over), and $20,500 ($27,000 if age 50 or over) annually, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 7. Group Life Insurance (GLI) Program (OPEB PLAN):

Plan Description

Group Life Insurance Program

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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 program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp.

The GLI is administered by the VRS along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. This plan is considered a multiple employer, cost-sharing plan.

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NOTES TO FINANCIAL STATEMENTS

Note 7. Group Life Insurance (GLI) Program (OPEB PLAN):

Contributions

Contributions to the VRS OPEB Group Life Insurance Programs were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS Group Life Insurance OPEB program are as follows:

Group Life Insurance Program

Governed by:	*Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2024 Contribution	$1,688
June 30, 2023 Contribution	$1,533

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. Our proportionate share is reflected below.

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

The net OPEB liabilities were measured as of June 30, 2023 and the total OPEB liabilities used to calculate the net OPEB liabilities 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 OPEB liabilities, except for LODA, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers.

Note 7. Group Life Insurance (GLI) Program (OPEB PLAN):

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

Group Life Insurance Program

June 30, 2024 proportionate share of liability	$14,512
June 30, 2023 proportion	.00121%
June 30, 2022 proportion	.00136%
June 30, 2024 expense	$1,360

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,449	$ 441
Change in assumptions	310	1,005
Net difference between projected and actual earnings on OPEB plan investments	-	583
Changes in proportion	2,191	3,452
Employer contributions subsequent to the measurement date	1,688	-
Total	$ 5,638	$ 5,481

Note 7. Group Life Insurance (GLI) Program (OPEB PLAN):

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

The deferred outflows of resources related to OPEB resulting from the Academy's contributions subsequent to the measurement date will be recognized as a reduction of the Net 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 OPEB will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2025	$ 309
2026	(1,224)
2027	(13)
2028	(435)
2029	(168)
Thereafter	-

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, 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%
• Locality – hazardous duty employees	3.50 – 4.75%
• Teachers	3.50 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return, net of expenses, including inflation*	6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Required Supplementary Information Note 2.

Note 7. Group Life Insurance (GLI) Program (OPEB PLAN):

Net OPEB Liabilities

The net OPEB liabilities represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts for the VRS Group Life Insurance OPEB program is as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	$ 3,907,052
Plan fiduciary net position	2,707,739
Employers' net OPEB liability (asset)	$ 1,199,313
Plan fiduciary net position as a percentage of total OPEB liability	69.30%

The total liability is calculated by the VRS actuary and each plan's fiduciary net position is reported in the VRS financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the VRS notes to the financial statements and required supplementary information.

Note 7. Group Life Insurance (GLI) Program (OPEB PLAN):

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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 OPEB 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 Note 6.

Discount Rate

The discount rate used to measure the GLI 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 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 ending June 30, 2023, the rate contributed by the employer for the OPEB liabilities 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 for GLI. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

The following presents the net OPEB liabilities of the Academy , as well as what the Academy's net OPEB liabilities 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 discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	$ 21,511	$ 14,512	$ 8,853

OPEB Plan Fiduciary Net Position

Information about the VRS OPEB plan 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 8. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

- GASB Statement No. 101, *Compensated Absences*, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will be effective for the year ending June 30, 2025.

- GASB Statement No. 102, *Certain Risk Disclosures*. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide 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, and all reporting periods thereafter.

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

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

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Crater Criminal Justice Training Academy

Required Supplementary Information

CRATER CRIMINAL JUSTICE TRAINING ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
June 30, 2024

	Primary Government Plan Year 2023	2022	2021	2020	2019	2018	2017
Total Pension Liability							
Service cost	$ 17,322	$ 22,988	$ 31,041	$ 20,754	$ 26,646	$ 18,609	$ -
Interest on total pension liability	9,601	9,189	4,611	3,708	1,303	-	-
Changes in benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(33,567)	(18,367)	12,747	(8,554)	8,439	-	-
Changes in assumptions	-	-	(1,882)	-	2,215	-	-
Benefit payments	(1,261)	(2,822)	(526)	(4,552)	-	-	-
Net change in total pension liability	(7,905)	10,988	45,991	11,356	38,603	18,609	-
Total pension liability - beginning	125,547	114,559	68,568	57,212	18,609	-	-
Total pension liability - ending	117,642	125,547	114,559	68,568	57,212	18,609	-
Plan Fiduciary Net Position							
Contributions - employer	9,322	7,724	8,976	13,621	15,401	18,268	5,431
Contributions - employee	12,382	13,131	13,123	11,445	12,605	13,136	3,962
Net investment income	11,771	(675)	29,650	1,472	4,193	1,505	45
Benefit payments	(1,261)	(2,822)	(526)	(4,552)	-	-	-
Administrator charges	(96)	(83)	(51)	(31)	(7)	13	11
Other	5	4	3	(2)	(3)	(3)	(1)
Net change in plan fiduciary net position	32,123	17,279	51,175	21,953	32,189	32,919	9,448
Plan fiduciary net position - beginning	164,963	147,684	96,509	74,556	42,367	9,448	-
Plan fiduciary net position - ending	197,086	164,963	147,684	96,509	74,556	42,367	9,448
Net pension liability (asset) - ending	$ (79,444)	$ (39,416)	$ (33,125)	$ (27,941)	$ (17,344)	$ (23,758)	$ (9,448)
Plan fiduciary net position as a percentage of total pension liability	168%	131%	129%	141%	130%	228%	0%
Covered payroll	$ 283,871	$ 296,728	$ 293,007	$ 263,515	$ 294,884	$ 273,924	$ 121,374
Net pension liability (asset) as a percentage of covered payroll	-28%	-13%	-11%	-11%	-6%	-9%	-8%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2017 information was presented in the entity's fiscal year 2018 financial report.

This schedule is intended ot show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

CRATER CRIMINAL JUSTICE TRAINING ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2024

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2024	$ 14,787	$ 14,787	$ -	$ 312,626	4.73%
2023	13,427	13,427	-	283,871	4.73%
2022	7,808	7,808	-	296,728	2.63%
2021	11,251	11,251	-	293,007	3.84%
2020	15,785	15,785	-	263,515	5.99%
2019	17,664	17,664	-	294,884	5.99%
2018	16,402	16,402	-	273,924	5.99%
2017	5,431	5,431	-	121,374	4.47%

Schedule is intended to show information for 10 years. Since 2017 was the first year for this presentation, only five years of data is available. Additional years will be included as they become available.

CRATER CRIMINAL JUSTICE TRAINING ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY
June 30, 2024

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2024	0.00121%	$ 14,512	$ 312,626	4.64%	69.30%
2023	0.00136%	16,376	283,871	5.77%	67.21%
2022	0.00142%	16,532	296,728	5.57%	67.45%
2021	0.00128%	21,361	293,007	7.29%	52.64%
2020	0.00128%	25,000	263,515	9.49%	52.00%
2019	0.00151%	22,000	294,884	7.46%	51.22%
2018	0.00144%	7,000	273,924	2.56%	48.60%

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

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

CRATER CRIMINAL JUSTICE TRAINING ACADEMY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
June 30, 2024

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2024	$ 1,688	$ 1,688	$ -	$ 312,626	0.54%
2023	1,533	1,533	-	283,871	0.54%
2022	1,602	1,602	-	296,728	0.54%
2021	1,582	1,582	-	293,007	0.54%
2020	1,370	1,370	-	263,515	0.52%
2019	1,533	1,533	-	294,884	0.52%
2018	1,424	1,424	-	273,924	0.52%
2017	458	458	-	121,374	0.38%

Schedule is intended to show information for 10 years. Since 2017 is the first year for this presentation, only five years of data is available. However, additional years will be included as they become available.

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

Note 1. Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

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

Largest 10 Locality Employers – General Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 2. ***Changes of Assumptions (Continued)***

Non-Largest 10 Locality Employers – General Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 78 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Largest 10 Locality Employers – Hazardous Duty Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP- 2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 2. Changes of Assumptions (Continued)

Non-Largest 10 Locality Employers – Hazardous Duty Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP- 2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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Crater Criminal Justice Training Academy

Supplementary Information

CRATER CRIMINAL JUSTICE TRAINING ACADEMY

STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
Year Ended June 30, 2024

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Local jurisdictions	$ 1,339,982	$ 1,384,287	$ 44,305
Department of Criminal Justice Services	200,000	268,463	68,463
Tuition	17,500	46,885	29,385
Other	20,000	26,836	6,836
Total revenues	**1,577,482**	**1,726,471**	**148,989**
Personnel expenses:			
Salaries	576,982	684,263	(107,281)
Retirement and other benefits	158,368	116,547	41,821
Total personnel expenses	**735,350**	**800,810**	**(65,460)**
Operating expenses:			
Bad debts	-	1,012	(1,012)
Insurance	14,600	17,687	(3,087)
Professional services	57,900	87,910	(30,010)
Travel and continuing education	16,000	11,297	4,703
Office supplies and postage	46,600	67,452	(20,852)
Miscellaneous	10,500	7,543	2,957
Training expenses	149,400	151,202	(1,802)
Repairs, custodial, and maintenance	56,500	36,451	20,049
Utilities	45,300	47,426	(2,126)
Vehicle maintenance and repairs	8,000	11,134	(3,134)
Grants	7,554	70,000	(62,446)
Depreciation and amortization	393,269	64,242	329,027
Total expenses	**1,540,973**	**1,374,166**	**166,807**
Excess of operating revenues over expenses	36,509	352,305	315,796
Nonoperating revenues (expenses):	**(44,063)**	**(53,782)**	**(9,719)**
Excess (deficiency) of revenues over expenses	**$ (7,554)**	**$ 298,523**	**$ 306,077**

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Crater Criminal Justice Training Academy

Compliance Report

BROWNEDWARDS
certified public accountants

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

To the Honorable Members of the Board of Directors
Crater Criminal Justice Training Academy
Disputanta, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the Crater Criminal Justice Training Academy (the "Academy"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 5, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 5, 2024

Crater Criminal Justice Training Academy

Summary of Compliance Matters

June 30, 2024

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

State Compliance Matters

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

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