CRATER CRIMINAL JUSTICE TRAINING ACADEMY

FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

C O N T E N T S

BROWN EDWARDS
certified public accountants

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, 2023, 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 Crater Criminal Justice Training Academy, as of June 30, 2023, 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.

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Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements (Continued)

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.

Report on the Audit of the Financial Statements (Continued)

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 2022 financial statements, on which, in our report dated December 1, 2022, we expressed an unmodified opinion. The 2022 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 11, 2023 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 11, 2023

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

YEAR ENDED JUNE 30, 2023

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, 2023 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 2023 and 2022 is as follows:

	2023	2022
Total capital assets	$ 1,481,061	$ 1,344,140
Total assets	6,960,635	1,989,330
Total deferred outflows	32,262	39,286
Total long-term liabilities	5,339,537	284,549
Total liabilities	5,730,580	740,746
Total deferred inflows	28.792	31,305
Total operating revenues	1,554,946	1,161,021
Total non-operating revenues	124,632	14,126
Total operating expenses (to include depreciation and amortization)	1,454,430	1,127,351
Change in net position	(23,040)	35,843
Ending net position	1,233,525	1,256,565

- Capital assets increased by $136,921 from FY2022 to FY2023. This increase is due to $193,145 in purchases of capital assets (building expansion) net of current year depreciation on assets of $56,224 during Fiscal Year 2021-2023**.** The Academy did not dispose of any assets in FY2023.

- Total assets increased by $4,971,305. This increase is due in most part to the issuance of $5,150,000 in revenue bonds during FY2023, of which $4,979,316 in proceeds remained at June 30, 2023. Operating cash declined by $150,739. The net pension asset increased by $6,291, while accounts receivable increased by $7,281, the intangible leased asset decreased by $8,018 and prepaid expenses increased by $253.

- 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 5% for the fiscal year, from $526.19 to $552.50.

- Operating expenses other than depreciation increased $324,894 during the fiscal year. This change was primarily due to grant-related expenses as well as compensation increases.

Overview of the Financial Statements

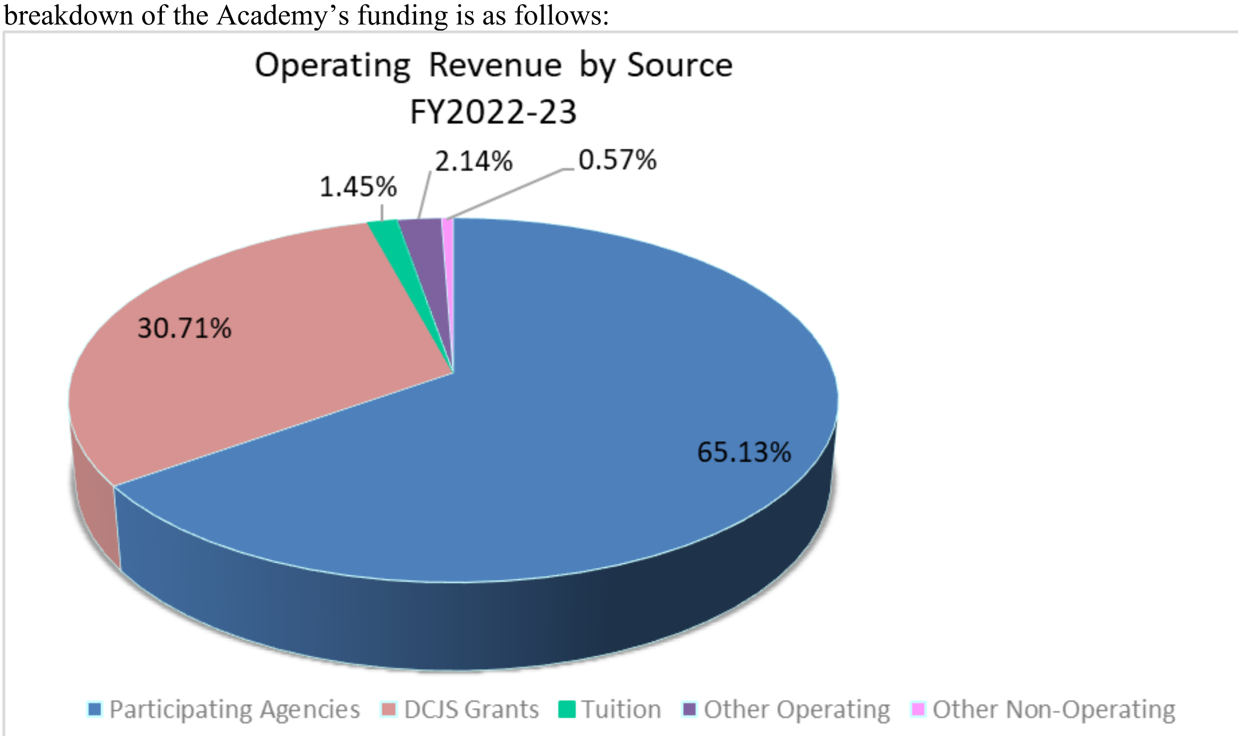
The Academy's financial report consists of two sections: the financial section and the compliance section. The financial section contains the Independent Auditors' Report on the Financial Statements, Management's Discussion and Analysis (this section), the basic financial statements (discussed below),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

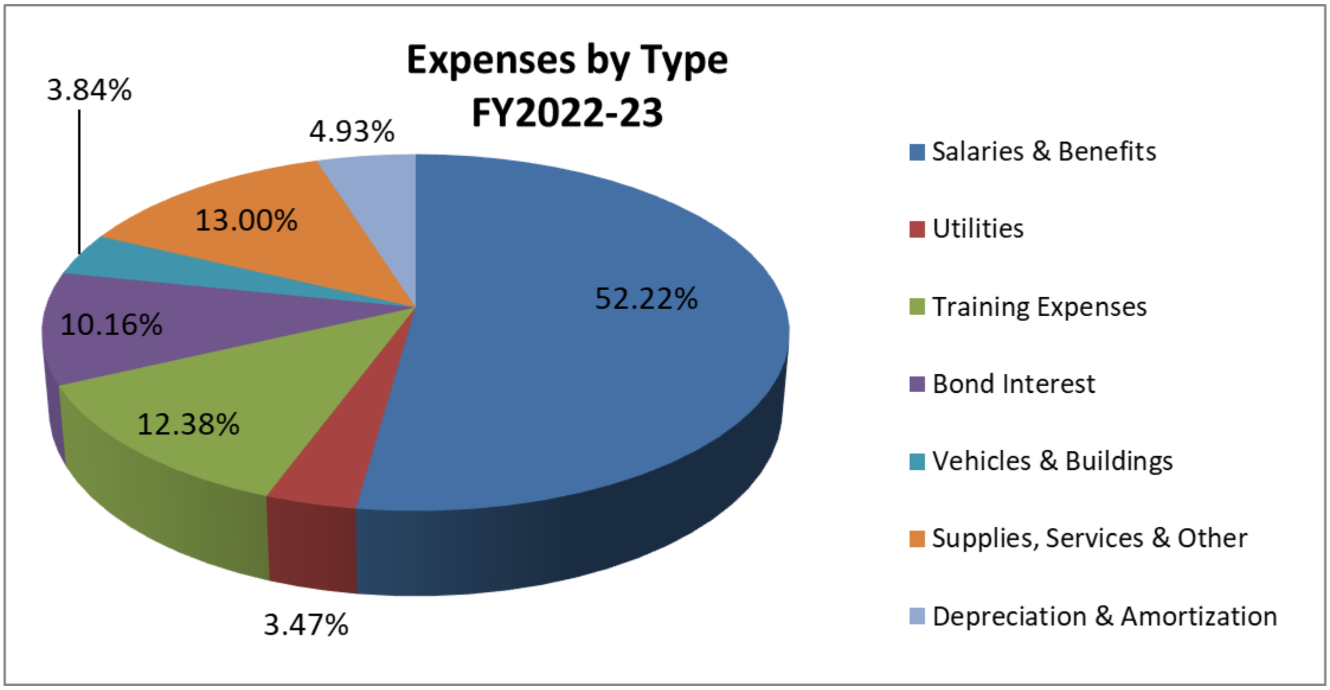
The financial statements of the Academy offer short and long-term financial information about its activities. The statements of net position provide information about the nature and amounts of the Academy's cash, receivables (assets), and its obligations to creditors (liabilities). All of the Academy's 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-eight-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 FY2022-2023 increased from $526.19 to $552.50. 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:



Approximately 52.2% of the Academy's expenses during FY2022-2023 were attributable to salaries and benefits for the Academy's seven full-time staff and part-time instructors. Training expenses were responsible for 10.2% of the Academy's expenses during the year, and depreciation, amortization and debt service costs represented 15.1% 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 FY2023-2024 are expected to be challenging compared to FY2022-2023 due to continued inflationary pressures, but 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. The per capita membership amount increased by 32.0% to $729.30 for FY2023-2024, primarily to pay for debt service on the new bonds.

- The Academy's adopted 2023-2024 budget increased approximately 25.5% when compared with the FY2022-2023 adopted budget. This increase is primarily due to the increased member revenue and new debt service costs for bonds issued to pay for a building expansion.

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, 2023 and 2022

ASSETS	**2023**	(For Comparative Purposes Only) **2022**
Unrestricted current assets:		
Cash	$ 413,177	$ 563,916
Accounts receivable	26,187	18,906
Prepaid expenses	3,439	3,186
Total unrestricted current assets	442,803	586,008
Restricted current assets:		
Cash - bond construction funds	4,979,316	-
Noncurrent assets:		
Capital assets, net	1,481,061	1,344,140
Intangible leased asset, net	18,039	26,057
Net pension asset	39,416	33,125
Total noncurrent assets	1,538,516	1,403,322
Total assets	$ 6,960,635	$ 1,989,330
Deferred outflows of resources:		
Deferred outflow of resources - pension plan	$ 23,087	$ 24,871
Deferred outflow of resources - OPEB	9,175	14,415
Total deferred outflow of resources	32,262	39,286
Total assets and deferred outflow of resources	**$ 6,992,897**	**$ 2,028,616**
LIABILITIES AND NET POSITION		
Current liabilities:		
Unearned revenue	$ 39,179	$ 233,413
Accounts payable	81,940	44,198
Compensated absences and payroll liabilities	54,587	46,402
Interest payable	84,107	4,292
Lease liability, current	8,230	7,892
Bonds payable, current portion	123,000	120,000
Total current liabilities	391,043	456,197
Noncurrent liabilities:		
Lease liability, less current portion	10,787	19,017
Bonds payable, less current portion	5,276,000	249,000
Arbitrage rebate liability	36,374	-
Net OPEB liability	16,376	16,532
Total noncurrent liabilities	5,339,537	284,549
Total liabilities	5,730,580	740,746
Deferred inflows of resources:		
Deferred inflow of resources - pension plan	22,998	22,597
Deferred inflow of resources - OPEB	5,794	8,708
Total deferred inflow of resources	28,792	31,305
Net position:		
Net investment in capital assets	1,060,399	974,288
Restricted for net pension asset	39,416	33,125
Unrestricted	133,710	249,152
Total net position	1,233,525	1,256,565
Total liabilities, deferred inflows of resources, and net position	**$ 6,992,897**	**$ 2,028,616**

See Notes to Financial Statements.

CRATER CRIMINAL JUSTICE TRAINING ACADEMY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2023 and 2022

	2023	(For Comparative Purposes Only) 2022
Operating revenues:		
Local jurisdictions	$ 1,018,582	$ 958,053
Department of Criminal Justice Services	480,236	153,779
Tuition	22,600	19,438
Other	33,528	29,751
Total operating revenues	1,554,946	1,161,021
Personnel expenses:		
Salaries	573,045	512,202
Retirement and other benefits	107,862	110,327
Total Personnel Expenses	680,907	622,529
Operating expenses other than depreciation:		
Bad debts	16	12,707
Insurance	15,983	14,448
Professional services	76,938	83,335
Travel and continuing education	6,342	9,976
Office supplies and postage	62,844	47,078
Miscellaneous	7,388	6,335
Training expenses	161,434	160,834
Repairs, custodial, and maintenance	35,239	57,665
Utilities	45,243	42,745
Grants	283,055	-
Vehicle maintenance and repairs	14,799	7,642
Total operating expenses other than depreciation	709,281	442,765
Operating income before depreciation	164,758	95,727
Depreciation and amortization	(64,242)	(62,057)
Operating income	100,516	33,670
Nonoperating revenues (expenses):		
Bond issuance costs	(124,432)	-
Other	8,757	13,473
Interest income	124,632	653
Interest expense	(132,513)	(11,953)
Total net nonoperating revenues (expenses)	(123,556)	2,173
Change in net position	(23,040)	35,843
Net position, beginning	1,256,565	1,220,722
Net position, ending	$ 1,233,525	$ 1,256,565

See Notes to Financial Statements.

CRATER CRIMINAL JUSTICE TRAINING ACADEMY

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	2023	(For Comparative Purposes Only) 2022
Cash flows from operating activities		
Cash receipts from local contributions	$ 817,067	$ 1,124,925
Cash receipts from Department of Criminal Justice Services	480,236	153,779
Cash receipts from tuition	22,600	19,438
Cash receipts from other operating income	33,528	29,751
Cash payments to employees for service	(674,658)	(620,442)
Cash payments for operating expenses	(671,792)	(411,276)
Net cash provided by operating activities	6,981	296,175
Cash flows from non-capital financing activities		
Payments from other non-operating activities	8,757	13,473
Net cash provided by (used in) non-capital financing activities	8,757	13,473
Cash flows from capital and related financing activities		
Purchases of capital assets	(193,145)	(14,845)
Payment of lease liabilities	(7,892)	(7,568)
Payment of long-term debt	(120,000)	(116,000)
Proceeds from issuance of long-term debt	5,150,000	-
Bond issuance costs	(124,432)	-
Interest paid	(52,698)	(13,302)
Net cash provided by (used in) capital and related financing activities	4,651,833	(151,715)
Cash flows from investing activities		
Interest received	161,006	653
Net cash provided by investing activities	161,006	653
Net changes in cash	4,828,577	158,586
Cash, beginning	563,916	405,330
Cash, ending	$ 5,392,493	$ 563,916
Reconciliation to statement of net position:		
Cash	413,177	563,916
Cash - bond construction funds	4,979,316	-
	$ 5,392,493	$ 563,916
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 100,516	$ 33,670
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	64,242	62,057
Decrease (increase) in deferred outflows due to pension plan	1,784	(4,870)
Increase in deferred outflows due to OPEB	5,240	2,478
Increase in deferred inflows due to pension plan	401	15,544
Increase (decrease) in deferred inflows due to OPEB	(2,914)	5,136
Changes in assets and liabilities:		
Accounts receivable	(7,281)	(1,662)
Prepaid expenses	(253)	394
Unearned revenue	(194,234)	168,534
Net pension asset	(6,291)	(5,184)
Accounts payable	37,742	31,095
Net OPEB liability	(156)	(4,829)
Compensated absences and payroll liabilities	8,185	(6,188)
Net cash provided by operating activities	$ 6,981	$ 296,175

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, 2023 and 2022, 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, net of related debt 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, 2023, the SNAP program estimated an arbitrage rebate liability of $36,374 associated with the earnings of the Academy’s invested debt proceeds.

Note 3. Capital Assets

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	-	138,220
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

Intangible Right-to-Use Lease Asset

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

Note 3. Capital Assets (Continued)

Capital assets owned by the Academy at June 30, 2022 consist of the following:

	Balance 1-Jul-21*	Increases	Decreases	Balance 30-Jun-22
Capital assets not being depreciated:				
Land	$ 297,399	$ -	$ -	$ 297,399
	297,399	-	-	297,399
Total capital assets not being depreciated	297,399	-	-	297,399
Other capital assets being depreciated:				
Building	1,858,350	-	-	1,858,350
Equipment	142,694	14,845	-	157,539
Vehicles	1,599	-	-	1,599
Total other capital assets being depreciated	2,002,643	14,845	-	2,017,488
Less, accumulated depreciation for:				
Building	786,477	50,730	-	837,207
Equipment	128,632	3,309	-	131,941
Vehicles	1,599	-	-	1,599
Total accumulated depreciation	916,708	54,039	-	970,747
Capital assets being depreciated,	1,085,935	(39,194)	-	1,046,741
net	1,383,334	(39,194)	-	1,344,140
Lease assets:				
Equipment	40,088	-	-	40,088
Less accumulated amortization	6,013	8,018	-	14,031
Total lease assets being amortized, net	$ 34,075	$ (8,018)	$ -	$ 26,057

* - Amounts have been restated to include items related to the implementation of GASB Statement 87, Leases.

Construction Commitments

The Academy has a $4,741,244 construction commitment for the Building Expansion project. The contracts for this project were executed in FY2023-24 and the costs will be reflected on next year's financial statements. Construction in progress for FY2022-23 reflects design and other preliminary work.

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 $19,434 and $18,790 for June 30, 2023 and 2022, respectively. All compensated absences are considered current.

Note 5. Long Term Liabilities

Bonds Payable:

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

Note 5. Long Term Liabilities (Continued)

Bonds Payable (Continued):

Description	Balance at 30-Jun-22	Issued	Retired	Balance at 30-Jun-23	Amount Due Within One Year
Total bonds outstanding	$ 369,000	$ 5,150,000	$ (120,000)	$ 5,399,000	$ 123,000

Description	Balance at 30-Jun-21	Issued	Retired	Balance at 30-Jun-22	Amount Due Within One Year
Total bonds outstanding	$ 485,000	$ -	$ (116,000)	$ 369,000	$ 120,000

Intangible Right-to-Use Lease Liabilities

In 2022, the Academy implemented the guidance of GASBS No. 87, Leases, for accounting and reporting leases that had previously been reported as operating and capital leases.

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
2024	$ 8,230	$ 641
2025	8,583	289
2026	2,204	15

Note 6. Retirement Plans

Defined Benefit Pension Plan:

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 is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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 set out in the table below:

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>About Plan 1 (Cont.)</td><td>About Plan 2 (Cont.)</td><td>About the Hybrid Retirement Plan (Cont.)
• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</td></tr>
<tr><td>Eligible Members
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election
VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.
The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</td><td>Eligible Members
Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.
The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</td><td>Eligible Members
Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
• Political subdivision employees*
• School division employees
• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
*Non-Eligible Members
Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</td></tr>
</table>

Note 6. Retirement Plans (continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Hybrid Opt-In Election (Cont.)** Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	***Non-Eligible Members (Cont.)** Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.) Defined Contributions Component: (Cont.)** Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit Defined Benefit Component:** See definition under Plan 1

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit (Cont.)**	**Calculating the Benefit (Cont.)** **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component: VRS:** The retirement multiplier for the defined benefit component 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. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Normal Retirement Age VRS: Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age <u>Defined Benefit Component:</u> VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **<u>Defined Benefit Component:</u> VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service.	**Earliest Reduced Retirement Eligibility** **<u>Defined Benefit Component:</u> VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Reduced Retirement Eligibility (Cont.) **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:**	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:**	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:**
The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long- term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	Same as Plan 1	Same as Plan 1 and Plan 2.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Plan Description (Continued):

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.
VSDP members are subject to a one-year waiting period before becoming eligible for non-work- related disability benefits.</td><td>Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.
VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</td><td>Disability Coverage
Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.
Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</td></tr>
<tr><td>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</td><td>Purchase of Prior Service
Same as Plan 1.</td><td>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:
Hybrid Retirement Plan members are ineligible for ported service.
The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.
<u>Defined Contribution Component:</u>
Not applicable.</td></tr>
</table>

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Employees Covered by Benefit Terms

The Academy joined VRS on January 1, 2017. As of the June 30, 2021 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	0
Non-vested inactive members	2
Inactive members active elsewhere in VRS	1
Total inactive members	3
Active members	5
Total covered employees	9

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, 2023, was 4.73% of covered employee compensation, not including the employee contribution. 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Academy were $9,322 and $7,808 for the years ended June 30, 2023, and June 30, 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Academy, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% 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

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Actuarial Assumptions (Continued):

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

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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

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

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

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

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

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Actuarial Assumptions (Continued):

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

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

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

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

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022:

Inflation	*2.50%*
Salary increases, including inflation	*3.50% – 4.75%*
Investment rate of return	*6.75%, net of pension plan investment expenses, including inflation*

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service-related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 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 with a Modified MP-2020 Improvement Scale; 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 with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

All Others (Non-10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service-related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Hazardous Duty:

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	Decrease rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

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

Note 6. Retirement Plans (Continued)

Defined Benefit 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)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00 %	2.04 %	0.31 %
Credit Strategies	14.00 %	4.78 %	0.67 %
Real Assets	14.00 %	4.47 %	0.63 %
Private Equity	14.00 %	9.73 %	1.36 %
MAPS - Multi -Asset Public Strategies	6.00 %	3.73 %	0.22 %
PIP- Private Investment Partnership	3.00 %	6.55 %	0.20 %
Total	**100.00 %**		**5.33 %**
	Inflation		2.50 %
	Expected arithmetic nominal return **		**7.83 %**

** The above allocation provides a one-year expected return of 7.83%. 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 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.*

Discount Rate

The discount rate used to measure the total pension asset was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2022, 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, 2021, actuarial valuations, whichever was greater. From July 1, 2022, 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.

Note 6. Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued):

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Pension (b)**	**Net Pension Liability (a) - (b)**
Balances at June 30, 2021	$ 114,559	$ 147,684	$ (33,125)
Changes for the year:			
Service Cost	22,988	-	22,988
Interest	9,189	-	9,189
Differences between expected and actual experiences	(18,367)	-	(18,367)
Assumption Changes	-	-	-
Contributions - employer	-	7,724	(7,724)
Contributions - employee	-	13,131	(13,131)
Net investment income	-	(675)	675
Benefit payments, including refunds	(2,822)	(2,822)	-
Administrative expenses	-	(83)	83
Other changes	-	4	(4)
Net changes	10,988	17,279	(6,291)
Balances at June 30, 2022	$ 125,547	$ 164,963	$ (39,416)

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

The following presents the net pension liability (asset) of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's 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:

	1.00% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1.00% Increase (7.75%)**
Political subdivision's net pension liability (asset)	$ (16,953)	$ (39,416)	$ (56,590)

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

For the year ended June 30, 2023, the political subdivision recognized pension expense of $5,132. At June 30, 2023, the political subdivision 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	$ 12,814	$ 18,845
Change in assumptions	951	1,358
Net difference between projected and actual earnings on pension plan investments	-	2.795
Employer contributions subsequent to the measurement date	9,322	-
Total	$ 23,087	$ 22,998

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 $9,322 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. 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,	Increase (Reduction) to Pension Expense
2024	$ (3,471)
2025	(3,418)
2026	(3,818)
2027	207
2028	1,014
Thereafter	253

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-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 2023 and 2022 were $5,584 and $5,340 respectively. For 2023 and 2022, 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.

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

Plan Description

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. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OBEB plans, for public employer groups in the Commonwealth of Virginia.

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 Group Life Insurance Program OPEB.

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

Plan Description (Continued):

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option

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

Plan Description (Continued):

Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.

Contributions

The contribution requirements for the Group Life Insurance Program 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 Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were $1,533 and $1,602 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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

At June 30, 2023, the Academy reported a liability of $16,376 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022, 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, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.00136% as compared to 0.00142% at June 30, 2021.

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

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $4,117. 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, 2023, 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	$ 1,297	$ 657
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,023
Change in assumptions	611	1,595
Changes in proportion	5,734	2,519
Employer contributions subsequent to the measurement date	1,533	-
Total	$ 9,175	$ 5.794

$1,533 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, 2024. 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:

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

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2024	$ 2,567
2025	471
2026	(1,124)
2027	191
2028	(257)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.5 percent
Salary increases, including inflation –	
General state employees	3.5 percent – 5.35 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	6.75 Percent, net of investment expenses, including inflation

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

Actuarial Assumptions (Continued):

Mortality rates – General State Employees

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age 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 7. Group Life Insurance (GLI) Program (OPEB PLAN) (Continued):

Actuarial Assumptions (Continued):

Mortality rates – Largest Ten Locality Employers - General Employees

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted General 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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age 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 7. Group Life Insurance (GLI) Program (OPEB PLAN) (Continued):

Actuarial Assumptions (Continued):

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

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted General 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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age 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 7. Group Life Insurance (GLI) Program (OPEB PLAN) (Continued):

Actuarial Assumptions (Continued):

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

Post-Retirement:
Pub-2010 Amount Weighted General 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 General Contingent Annuitant Rates projected generationally. 110% of rates for males and females set forward 2 years

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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience 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 7. Group Life Insurance (GLI) Program (OPEB PLAN) (Continued):

Actuarial Assumptions (Continued):

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:
Pub-2010 Amount Weighted General 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 General Contingent Annuitant Rates projected generationally. 110% of rates for males and females set forward 2 years

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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,672,085
Plan Fiduciary Net Position	2,467,989
GLI Net OPEB Liability (Asset)	$ 1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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.

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

Net GLI OPEB Liability (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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi -Asset Public Strategies	6.00%	3.73%	0.22%
PIP- Private Investment Partnership	3.00%	6.55%	0.20%
Total	**100.00%**		**5.33%**
		Inflation	2.50 %
		Expected arithmetic nominal return **	**7.83 %**

* The above allocation provides a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, 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 100% of the actuarially determined contribution rate. From July 1, 2022 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.

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

Net GLI OPEB Liability (Continued):

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Net OPEB Liability	$ 23,829	$16,376	$ 10,353

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/ publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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Note 8. New Accounting Standards

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

- GASB Statement No. 99, *Omnibus 2022*, enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will be effective for the year ending June 30, 2024.

- 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.

  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, 2023

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

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					
2023	$ 9,322	$ 9,322	$ -	$ 283,871	3.28 %
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, 2023

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					
2023	0.00136 %	$ 16,376	$ 296,728	5.52 %	67.21 %
2022	0.00142	16,532	293,007	5.64	67.45
2021	0.00128	21,361	263,515	8.11	52.64
2020	0.00128	25,000	294,884	8.48	52.00
2019	0.00151	22,000	273,924	8.03	51.22
2018	0.00144	7,000	121,374	5.77	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, 2023

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					
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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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
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
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 Top 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, 2023

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Local jurisdictions	$ 1,018,582	$ 1,018,582	$ -
Department of Criminal Justice Services	443,650	480,236	36,586
Tuition	17,500	22,600	5,100
Other	20,000	33,528	13,528
Total revenues	**1,499,732**	**1,554,946**	**55,214**
Personnel expenses:			
Salaries	540,481	573,045	(32,564)
Retirement and other benefits	146,451	107,862	38,589
Total Personnel Expenses	**686,932**	**680,907**	**6,025**
Operating expenses other than depreciation:			
Bad debts	-	16	(16)
Insurance	14,600	15,983	(1,383)
Professional services	54,300	76,938	(22,638)
Travel and continuing education	16,000	6,342	9,658
Office supplies and postage	44,600	62,844	(18,244)
Miscellaneous	10,500	7,388	3,112
Training expenses	149,400	161,434	(12,034)
Repairs, custodial, and maintenance	56,500	35,239	21,261
Utilities	44,700	45,243	(543)
Vehicle maintenance and repairs	8,000	14,799	(6,799)
Grants	243,650	283,055	(39,405)
Depreciation	170,651	64,242	106,409
Total expenses	**1,499,833**	**1,454,430**	**45,403**
Excess of operating revenues over expenses	(101)	100,516	100,617
Nonoperating revenues (expenses):	**101**	**876**	**775**
Excess of revenues over expenses	**$ -**	**$ 101,392**	**$ 101,392**

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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, 2023, 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 11, 2023.

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.**

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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 11, 2023

CRATER CRIMINAL JUSTICE TRAINING ACADEMY
SUMMARY OF COMPLIANCE MATTERS
June 30, 2023

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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