

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
MIDDLETOWN, VIRGINIA

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Independent Auditors' Report

**To the Honorable Members of
Skyline Regional Criminal Justice Academy
Middletown, Virginia**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Skyline Regional Criminal Justice Academy, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Skyline Regional Criminal Justice 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 business-type activities of Skyline Regional Criminal Justice Academy, as of June 30, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Skyline Regional Criminal Justice 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.

Change in Accounting Principle

As described in Note 11 to the financial statements, in 2025, the Academy adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 11 to the financial statements, in 2025, the Academy restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Skyline Regional Criminal Justice 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Skyline Regional Criminal Justice 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 Skyline Regional Criminal Justice Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Report on Summarized Comparative Information

We have previously audited Skyline Regional Criminal Justice Academy's 2024 financial statements and expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2026, on our consideration of Skyline Regional Criminal Justice Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Skyline Regional Criminal Justice 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 Skyline Regional Criminal Justice Academy's internal control over financial reporting and compliance.

Robinson Faxon Cox Associates

Charlottesville, Virginia
February 24, 2026

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
STATEMENT OF NET POSITION
JUNE 30, 2025
(With Comparative Totals for the Prior Year)

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash	\$ 779,277	\$ 658,927
Accounts receivable	-	900
Inventory	<u>5,036</u>	<u>3,821</u>
Total Current Assets	<u>\$ 784,313</u>	<u>\$ 663,648</u>
Noncurrent Assets		
Pension asset	\$ 2,181	\$ 367
Held in escrow with Warren County	74,916	67,059
Capital Assets		
Land	159,000	159,000
Land improvements	65,120	42,925
Building and improvements	1,016,087	1,016,087
Equipment	256,465	239,939
Furniture and Fixtures	28,506	28,506
Vehicles	56,208	56,208
Lease equipment	<u>10,104</u>	<u>10,104</u>
Total Capital Assets	<u>\$ 1,591,490</u>	<u>\$ 1,552,769</u>
Accumulated depreciation	<u>(463,150)</u>	<u>(384,714)</u>
Net Capital Assets	<u>\$ 1,128,340</u>	<u>\$ 1,168,055</u>
Total Noncurrent Assets	<u>\$ 1,205,437</u>	<u>\$ 1,235,481</u>
Total Assets	<u>\$ 1,989,750</u>	<u>\$ 1,899,129</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 32,987	\$ 27,485
OPEB related items	<u>1,802</u>	<u>1,614</u>
Total Deferred Outflows of Resources	<u>\$ 34,789</u>	<u>\$ 29,099</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 2,024,539</u>	<u>\$ 1,928,228</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 6,658	\$ 19,542
Compensated absences, current portion	7,554	2,381
Accrued wages and payroll liabilities	39,622	71,663
Lease liability, current	<u>1,897</u>	<u>1,823</u>
Total Current Liabilities	<u>\$ 55,731</u>	<u>\$ 95,409</u>
Noncurrent Liabilities		
Lease liability, less current portion	\$ 4,030	\$ 5,928
Compensated absences, less current portion	67,986	21,431
Net OPEB liability	<u>1,817</u>	<u>1,539</u>
Total Noncurrent Liabilities	<u>\$ 73,833</u>	<u>\$ 28,898</u>
Total Liabilities	<u>\$ 129,564</u>	<u>\$ 124,307</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 3,464	\$ 2,543
OPEB related items	<u>303</u>	<u>227</u>
Total Deferred Inflows of Resources	<u>\$ 3,767</u>	<u>\$ 2,770</u>
NET POSITION		
Net investment in capital assets	\$ 1,122,413	\$ 1,160,304
Restricted:		
Pension asset	2,181	367
Held in escrow with Warren County	74,916	67,059
Unrestricted	<u>691,698</u>	<u>573,421</u>
Total Net Position	<u>\$ 1,891,208</u>	<u>\$ 1,801,151</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 2,024,539</u>	<u>\$ 1,928,228</u>

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

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for the Prior Year)

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Training dues - member agencies	\$ 475,938	\$ 451,727
Training dues - nonmember agencies	9,050	30,020
Uniform sales	12,709	9,427
Grant funds - state special funds	63,651	63,529
Grant funds - state	36,609	33,330
Miscellaneous income	16,467	16,577
TOTAL OPERATING REVENUES	\$ 614,424	\$ 604,610
OPERATING EXPENSES		
Salaries	\$ 318,983	\$ 299,034
Payroll taxes	23,875	22,442
Employee benefits	53,116	52,199
Contractual services	70,243	66,093
Maintenance contracts	6,128	6,100
Repairs and maintenance-other	5,473	4,836
Utilities	17,706	17,568
Insurance	7,660	7,097
Motor vehicle expenses	1,972	3,039
Office expenses	1,660	2,208
Staff training and convention expenses	635	525
Uniforms and apparel	14,232	10,733
Meals and lodging	2,436	1,906
Other operating expenses	2,447	1,439
Other equipment	49	-
Police equipment and supplies	3,666	4,691
Grant funded supplies and equipment	5,504	16,146
Contingencies	2,545	-
Depreciation	80,710	78,732
TOTAL OPERATING EXPENSES	\$ 619,040	\$ 594,788
OPERATING INCOME (LOSS)	\$ (4,616)	\$ 9,822
NONOPERATING REVENUES (EXPENSES)		
Interest income	\$ 13,470	\$ 10,168
Byrne grant - noncapital	5,005	15,658
Coronavirus state and local fiscal recovery funds	84,000	-
VRSA grant	500	489
Gain (loss) on asset disposal	(117)	-
Interest expense	(277)	(348)
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ 102,581	\$ 25,967
INCOME (LOSS) BEFORE CONTRIBUTIONS	\$ 97,965	\$ 35,789
CAPITAL CONTRIBUTIONS	\$ 32,690	\$ 10,629
CHANGE IN NET POSITION	\$ 130,655	\$ 46,418
NET POSITION - BEGINNING OF YEAR, AS ORIGINALLY REPORTED	\$ 1,801,151	\$ 1,754,733
RESTATEMENT FOR GASB 101 IMPLEMENTATION	(40,598)	-
NET POSITION - BEGINNING OF YEAR, AS RESTATED	\$ 1,760,553	\$ 1,754,733
NET POSITION - END OF YEAR	\$ 1,891,208	\$ 1,801,151

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

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Totals for the Prior Year)

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from member and nonmember agencies	\$ 485,888	\$ 484,847
Receipts from state grants	100,260	96,859
Other receipts	29,176	26,004
Payments to suppliers	(156,455)	(127,361)
Payments to and for employees	(430,972)	(362,661)
Net cash provided by operating activities	<u>\$ 27,897</u>	<u>\$ 117,688</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Byrne grant	\$ 5,005	\$ 15,658
Coronavirus state and local fiscal recovery funds	84,000	-
Other grant funding	500	489
Net cash provided by noncapital financing activities	<u>\$ 89,505</u>	<u>\$ 16,147</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of property and equipment	\$ (37,986)	\$ (10,629)
Capital contributions	29,565	10,629
Principal paid on lease	(1,824)	(1,751)
Interest expense	(277)	(348)
Net cash used for capital and related financing activities	<u>\$ (10,522)</u>	<u>\$ (2,099)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned, net of fees	\$ 13,470	\$ 10,168
Net cash provided by investing activities	<u>\$ 13,470</u>	<u>\$ 10,168</u>
NET INCREASE IN CASH	\$ 120,350	\$ 141,904
CASH - BEGINNING OF YEAR	<u>658,927</u>	<u>517,023</u>
CASH - END OF YEAR	<u><u>\$ 779,277</u></u>	<u><u>\$ 658,927</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (4,616)	\$ 9,822
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	80,710	78,732
Changes in:		
Accounts receivable	900	3,100
Inventory	(1,215)	(3,821)
Escrow with Warren County	(7,857)	-
Net pension asset	(1,814)	(367)
Pension related deferred outflows of resources	(5,502)	3,862
OPEB related deferred outflows of resources	(188)	103
Accounts payable	(12,884)	18,841
Compensated absences	11,129	(4,064)
Accrued wages	(32,041)	14,622
Net pension liability	-	(782)
Net OPEB liability	278	(326)
Pension related deferred inflows of resources	921	(1,882)
OPEB related deferred inflows of resources	76	(152)
Net cash provided by operating activities	<u><u>\$ 27,897</u></u>	<u><u>\$ 117,688</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
In-kind donation of memorial assets	\$ 3,125	\$ -

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

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Business

The Skyline Regional Criminal Justice Academy is organized as a law enforcement and detention training academy located in Middletown, Virginia. It serves fifteen agencies in the northwestern region of Virginia. Its activities include the administration of law enforcement and jailer training, certification and related services.

B. Financial Reporting Entity

The Academy was created under the provisions of Chapter 17, Article V, Title 15.2 of the Code of Virginia of 1950, as amended (the "Code"), by the respective governing bodies of the member agencies, in order, among other things, to conduct criminal justice education and training for criminal justice personnel, including law enforcement officers and jailers. The Board of Directors has oversight responsibility and is accountable for all significant fiscal matters and management including budget approval, setting rates, asset ownership and contract negotiations. Accordingly, the Academy is an independent reporting entity.

C. Basis of Presentation and Accounting

The Academy is operated in a manner similar to private businesses and is accounted for as a proprietary enterprise fund. The records are maintained using the accrual basis of accounting. Accordingly, revenues and expenses are recorded in the period earned and incurred.

D. Allowance for Bad Debts

The Academy follows the policy of writing off bad debts in the period deemed uncollectible. Accordingly, no allowance for bad debts has been recorded in the statement of net position. The differences between the use of this method and the allowance method are insignificant.

E. Inventory and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

F. Capital Assets

Property, equipment, lease assets and intangibles purchased or acquired with an original cost of \$1,000 or more with a useful life of more than one year are generally reported at historical cost and include assets acquired by grants and noncash donations. Donated assets are reported at acquisition value. Lease assets are measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Capital Assets: (Continued)

Depreciation is computed using the straight-line method based on the following estimated useful lives:

Equipment	3 - 10 years
Lease equipment	5 years
Vehicles	5 years
Furniture and fixtures	10 years
Buildings and improvements	10 - 40 years
Land improvements	20 years

G. Revenue and Expense Classification

Member agency (and nonmember agency) contributions and fees are recorded as operating revenues. All expenses relate to the ongoing operations of the Academy and therefore are recorded as operating expenses. State grants received are recorded as operating income, and may be used for operations or capital acquisitions, at the discretion of the Academy.

Grants and noncash donations that are designated for capital acquisitions are recorded as capital contributions in the statement of revenues, expenses and changes in net position.

H. Statement of Cash Flows

For purposes of the statement of cash flows, the Academy considers all highly liquid debt instruments purchased with a maturity of three months or less from the date of acquisition to be cash equivalents.

I. Use of Estimates

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

J. Deferred Outflow/Inflows of Resources

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

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

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

K. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

L. Comparative Totals

Prior year totals on the financial statements are presented for informational purposes only. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

M. Pension

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Skyline Regional Criminal Justice Academy's Retirement Plan and the additions to/deductions from the Skyline Regional Criminal Justice Academy Retirement Plan's fiduciary net position has been determined on the same basis as it was 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.

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

N. Other Postemployment Benefits (OPEB)

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

2. DEPOSITS AND INVESTMENTS

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

Statutes authorize the Academy to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Academy had no investments at June 30, 2025.

3. FISCAL AGENT

The Academy uses the services of the County of Warren, Virginia as fiscal agent for administering payroll and benefits only. The Academy pays the fiscal agent an annual contracted rate for these services.

The Treasurer of Warren County, Virginia holds 16.5% of the total personnel budget from the Skyline Training Academy adopted budget in escrow. The County invoices the Academy monthly in advance for all costs associated with payroll and benefits. In the event that the monthly amount transferred by the Academy is insufficient to pay for all the costs associated with the payroll, the County may apply any used funds being held in escrow to pay for unanticipated overages during a particular cycle. The monthly cost will be pulled from the funds in escrow and transferred to the County and then billed to the Academy. Should the funds in escrow not cover the unanticipated overage, the County will bill the amount plus two months' worth to reestablish the escrow balance. Upon termination of the agreement, the County shall return all unused funds still remaining in escrow to the Academy.

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

4. CAPITAL ASSET SUMMARY

The following is a summary of changes in capital assets during the fiscal year:

	<u>Balance 7/1/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2025</u>
Capital assets not being depreciated:				
Land	\$ 159,000	\$ -	\$ -	\$ 159,000
Total capital assets not being depreciated	<u>\$ 159,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,000</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,016,087	\$ -	\$ -	\$ 1,016,087
Land improvements	42,925	22,195	-	65,120
Equipment	239,939	18,916	2,390	256,465
Furniture and fixtures	28,506	-	-	28,506
Vehicles	56,208	-	-	56,208
Lease equipment	10,104	-	-	10,104
Total capital assets being depreciated	<u>\$ 1,393,769</u>	<u>\$ 41,111</u>	<u>\$ 2,390</u>	<u>\$ 1,432,490</u>
Accumulated depreciation:				
Buildings and improvements	\$ 195,470	\$ 29,946	\$ -	\$ 225,416
Land improvements	15,023	2,716	-	17,739
Equipment	119,831	36,657	2,274	154,214
Furniture and fixtures	6,929	2,850	-	9,779
Vehicles	44,967	6,520	-	51,487
Lease equipment	2,494	2,021	-	4,515
Total accumulated depreciation	<u>\$ 384,714</u>	<u>\$ 80,710</u>	<u>\$ 2,274</u>	<u>\$ 463,150</u>
Other capital assets, net	<u>\$ 1,009,055</u>	<u>\$ (39,599)</u>	<u>\$ 116</u>	<u>\$ 969,340</u>
Total capital assets	<u>\$ 1,168,055</u>	<u>\$ (39,599)</u>	<u>\$ 116</u>	<u>\$ 1,128,340</u>

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations of the Academy for the year ended June 30, 2025:

	<u>Balance at July 1, 2024, Restated</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2025</u>	<u>Amounts Due Within One Year</u>
Compensated absences *	\$ 64,410	\$ 11,130	\$ -	\$ 75,540	\$ 7,554
Lease liability	7,751	-	1,824	5,927	1,897
Net OPEB liability	1,539	1,227	949	1,817	-
Total Long Term Obligations	<u>\$ 73,700</u>	<u>\$ 12,357</u>	<u>\$ 2,773</u>	<u>\$ 83,284</u>	<u>\$ 9,451</u>

* Compensated absences were restated for implementation of GASB 101 and the current year change is presented as a net change.

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

5. LONG-TERM OBLIGATIONS: (CONTINUED)

As of June 30, 2025, the Academy’s outstanding lease consisted of the following:

	<u>Amount Outstanding</u>
On March 15, 2023, the Academy entered into a noncancellable five-year lease for the use of copier equipment. The lease agreement requires 63 monthly payments of \$175 with a discount rate of 4%. The lease liability is measured at the present value of payments expected to be made during the lease term.	\$ <u>5,927</u>

The annual principal and interest requirements are as follows:

	<u>June 30</u>		<u>Principal</u>		<u>Interest</u>
2026	\$	1,897	\$	203	
2027		1,975		125	
2028		2,055		45	
Total	\$	5,927	\$	373	

6. COMPENSATED ABSENCES

The Academy recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – vacation, sick leave, and comp and holiday time. The liability for compensated absences is reported as incurred in the financial statements and includes salary-related benefits, where applicable. Academy employees earn vacation and sick leave based upon length of service. The Academy has outstanding compensated absences totaling \$75,540, of which the current portion is \$7,554.

7. RISK MANAGEMENT

The Academy is covered by commercial insurance for losses or claims pertaining to health, workers' compensation, property and liability, and automobile.

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

8. PENSION PLAN:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

8. PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

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 employer contribution rate for the year ended June 30, 2025 was 10.48% of covered employee compensation for July to September 2024 and 11.58% from October through June 2025. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Academy were \$31,551 and \$27,242 for the years ended June 30, 2025 and 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$1,826 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$84 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$182,577 for the year ended June 30, 2025.

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

8. PENSION PLAN: (CONTINUED)

Net Pension Asset

At June 30, 2025, the Academy reported an asset of \$2,181 for its proportionate share of the net pension asset. The Academy's net pension asset was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. The Academy's proportionate share of the asset was calculated using contributions made subsequent to the measurement date as a basis for allocation. At June 30, 2024 and 2023, the Academy's proportion was 0.185% and 0.159%, respectively.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Academy's Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

8. PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

8. PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
	Expected arithmetic nominal return**		<u>7.07%</u>

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

Discount Rate

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

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

8. PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Academy's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Academy's proportionate share of the County of Warren's Retirement Plan Net Pension Liability (Asset)	\$ 12,273	\$ (2,181)	\$ (13,900)

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

For the year ended June 30, 2025, the Academy recognized pension expense of \$1,024. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2025, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,436	\$ 542
Net difference between projected and actual earnings on pension plan investments	-	2,922
Employer contributions subsequent to the measurement date	31,551	-
Total	\$ 32,987	\$ 3,464

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

8. PENSION PLAN: (CONTINUED)

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

\$31,551 reported as deferred outflows of resources related to pensions resulting from the Academy’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>		
2026	\$	(2,267)
2027		1,444
2028		(574)
2029		(631)
2030		-
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

9. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

9. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% 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, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$1,381 and \$1,284 for the years ended June 30, 2025 and June 30, 2024, respectively.

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

9. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

At June 30, 2025, the entity reported a liability of \$1,817 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.00248% as compared to 0.00159% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$99. 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, 2025, 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	\$ 287	\$ 44
Net difference between projected and actual earnings on GLI OPEB plan investments	-	153
Change in assumptions	10	90
Changes in proportion	124	16
Employer contributions subsequent to the measurement date	1,381	-
Total	\$ 1,802	\$ 303

\$1,381 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30			
2026	\$		(33)
2027			79
2028			27
2029			17
2030			28
Thereafter			-

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

9. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

9. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		3,080,133
Net GLI OPEB Liability (Asset)	\$	1,115,922
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		73.41%

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.

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

9. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

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 employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 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.

**SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025**

9. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the GLI Plan Net OPEB Liability	\$ 2,826	\$ 1,817	\$ 1,002

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

10. LITIGATION

At June 30, 2025, there were no matters of litigation involving the Academy which would materially affect the Academy's financial position should any court decisions on pending matters not be favorable to the Academy.

11. ADOPTION OF ACCOUNTING PRINCIPLE

During the current year, the Academy implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Academy now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The change in accounting principle resulted in the following restatement of net position:

Net Position, July 1, 2024, as originally reported	\$ 1,801,151
GASB 101 implementation	(40,598)
Net Position, July 1, 2024, as restated	\$ 1,760,553

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2025

12. UPCOMING PRONOUNCEMENTS

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

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

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY

Schedule of Academy's Proportionate Share of the Net Pension Liability (Asset)
For the Measurement Date of June 30, 2021 through June 30, 2024

Skyline Regional Criminal Justice Academy's Proportion of County of Warren, Virginia's Pension Plan (a cost-sharing multiple employer plan administered by the VRS)

Date	Proportion of the Net Pension Liability (Asset) (NPLA)	Proportionate Share of the NPLA	Covered Payroll	Proportionate Share of the NPLA as a Percentage of Covered Payroll	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)
2024	0.1850%	\$ (2,181)	\$ 246,926	-0.88%	101.93%
2023	0.1590%	(367)	277,925	-0.13%	100.41%
2022	0.1730%	782	225,966	0.35%	99.17%
2021	0.1440%	(3,152)	231,647	-1.36%	104.17%

This schedule is intended to show information for 10 years. However, information prior to the 2021 valuation is not available. Additional years will be included as they become available.

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2018 through June 30, 2025

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	\$ 31,551	\$ 31,551	\$ -	\$ 288,309	10.94%
2024	27,242	27,242	-	246,926	11.03%
2023	29,984	29,984	-	277,925	10.79%
2022	23,436	23,436	-	225,966	10.37%
2021	22,207	22,207	-	231,647	9.59%
2020	18,688	18,688	-	242,399	7.71%
2019	18,582	18,582	-	221,764	8.38%
2018	17,682	17,682	-	199,363	8.87%

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

This schedule is intended to show information for 10 years. However, the Academy was established in 2017 and there is no information prior to the 2018 valuation. Additional years will be included as they become available.

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY

Notes to Required Supplementary Information - Pension Plan
For the Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY

Schedule of Academy's Proportionate Share of the Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Date of June 30, 2021 through June 30, 2024

Skyline Regional Criminal Justice Academy's Proportion of County of Warren, Virginia's GLI Plan (a cost-sharing multiple employer plan administered by the VRS)

Date	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
2024	0.00248%	\$ 1,817	\$ 246,926	0.74%	73.41%
2023	0.00159%	1,539	277,925	0.55%	69.30%
2022	0.00037%	1,865	225,966	0.83%	67.21%
2021	0.00012%	1,346	231,647	0.58%	67.45%

This schedule is intended to show information for 10 years. However, information prior to the 2021 valuation is not available. Additional years will be included as they become available.

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2018 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2025	\$ 1,381	\$ 1,381	\$ -	\$ 288,309	0.48%
2024	1,284	1,284	-	246,926	0.52%
2023	1,263	1,263	-	277,925	0.45%
2022	2,904	2,904	-	225,966	1.29%
2021	2,895	2,895	-	231,647	1.25%
2020	2,824	2,824	-	242,399	1.17%
2019	2,754	2,754	-	221,764	1.24%
2018	2,568	2,568	-	199,363	1.29%

This schedule is intended to show information for 10 years. However, the Academy was established in 2017 and there is no information prior to the 2018 valuation. Additional years will be included as they become available.

SKYLINE REGIONAL CRIMINAL JUSTICE ACADEMY

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2025

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

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



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**To the Honorable Members of
Skyline Regional Criminal Justice Academy
Middletown, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Skyline Regional Criminal Justice Academy as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Skyline Regional Criminal Justice Academy's basic financial statements and have issued our report thereon dated February 24, 2026.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robinson Farver Cox Associates

Charlottesville, Virginia
February 24, 2026