VIRGINIA HIGHLANDS AIRPORT AUTHORITY
A COMPONENT UNIT OF
WASHINGTON COUNTY, VIRGINIA
AUDITED FINANCIAL REPORT
June 30, 2024

VIRGINIA HIGHLANDS AIRPORT AUTHORITY

A COMPONENT UNIT OF WASHINGTON COUNTY, VIRGINIA

AUDITED FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

LIST OF AUTHORITY MEMBERS

Dr. James Barker, Chairman

Ben Jenkins, Vice-Chairman

Jeff Johnson, Treasurer

Frank Sims, Secretary

Danny Ruble, Assistant Treasurer

James White, Assistant Secretary

Kent Hutton, Member

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the Virginia Highlands Airport Authority's performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2024. Please read this information in conjunction with the Authority's financial statements.

The Virginia Highlands Airport Authority presents three basic financial statements. These are (1) a Statement of Net Position (2) a Statement of Revenues, Expenditures, and Changes in Net Position and (3) a Statement of Cash Flows.

Our financial position is measured in terms of resources we own and obligations we owe on a given date. This information is reported on the Statement of Net Position, which reflects the Authority's assets in relation to its debts to its suppliers, employees, and other creditors. The excess of our assets over liabilities is our net position.

Information regarding the results of our operation during the year is reported in the Statement of Revenues, Expenditures, and Changes in Net Position. This statement shows how much our overall net assets increased or decreased during the year as a result of our operations.

Our Statement of Cash Flows discloses the flow of cash resources into and out of the Authority during the year (from operations, contributions and other sources) and how we applied those funds (for example, payment of expenses, purchases of new property, etc.).

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A summary of the Authority's Statement of Net Position for 2024 and 2023 is presented below:

Condensed Statement of Net Position

	2024	2023
Current and Other Assets	$ 3,141,440	$ 2,324,285
Property and Equipment	59,536,518	51,317,608
Total Assets	$ 62,677,958	$ 53,641,893
Deferred Outflows of Resources	$ 34,556	$ 45,683
Current and Other Liabilities	$ 1,480,844	$ 477,279
Long Term Liabilities	951,971	434,935
Total Liabilities	$ 2,432,815	$ 912,214
Deferred Inflows of Resources	$ 883,176	$ 718,361
Net Position		
Invested in Capital Assets	$ 58,537,518	$ 50,847,707
Restricted	43,818	55,143
Unrestricted	815,187	1,154,151
Total Net Position	$ 59,396,523	$ 52,057,001

The financial position of the Virginia Highlands Airport Authority is good.

A summary of the Virginia Highlands Airport Authority's Statements of Revenues, Expenditures, and Changes in Net Position for 2024 and 2023 are presented below.

Condensed Statements of Revenues, Expenditures, and Changes in Net Position

	2024	2023
Operating Income	$ 1,871,136	$ 2,189,561
Operating COGS & Expenses	2,510,183	2,689,277
Operating Income (loss)	(639,047)	(499,716)
Net Non-Operating Income	7,978,569	1,684,232
Changes in Net Position	$ 7,339,522	$ 1,184,516

Operating income is defined as the amount of revenue received from providing customer services.

Operating expenses are comprised of the direct expenses of operating the Airport. These expenses include fuel purchases, salaries and benefits, repairs and maintenance, occupancy, supplies, travel, and depreciation. (See the full Statement of Revenues, Expenditures, and Changes in Net Position for a complete breakdown of these expenses for 2024).

Non-operating income is comprised of interest, County appropriations, interest expense, and federal and state capital grants. During the current year the Airport had several projects in progress where there were federal and state grant reimbursements.

Net Position increased $7,339,522 in 2024.

A summary of the Virginia Highlands Airport Authority's Statements of Cash Flows for 2024 and 2023 are presented below:

Condensed Statement of Cash Flows

	2024	2023
Cash Flows From Operating Activities	$ (459,063)	$ (212,924)
Cash Flows From Non-Capital Activities	409,852	294,586
Cash Flows From Capital and Financing Activities	(210,422)	(150,172)
Cash Flows From Investing Activities	28,801	6,967
Net Change in Cash	(230,832)	(61,543)
Cash Beginning of Year	1,232,930	1,294,473
Cash Ending of Year	$ 1,002,098	$ 1,232,930

Cash flows from operating activities reconcile the operating loss recorded on the Statement of Revenues, Expenses, and Changes in Net Position to cash provided by operating activities. In this process, the operating loss is decreased by the amount of any non-cash transactions and adjusted for changes in assets and liabilities. (See the full Statement of Cash Flows for a full listing of these transactions).

Cash flows from non-capital transactions are comprised of income received as operating grants. Cash flows from capital and financing activities are comprised of all the capital assets purchased by the Authority and the payment of the Authority's debt and interest. Cash flows from investing activities are comprised of interest income. During 2024 there was a decrease of $230,832 in cash.

Capital Assets

At the end of 2024, the Virginia Highlands Airport Authority had $59,536,518 in net property and equipment. Fixed assets are the largest asset of the Authority. This is comprised of $71,574,608 in fixed assets less $12,038,090 in accumulated depreciation. (See Note 3). The Airport has started a major project involving the extension of its runway.

Debt

Virginia Highlands Airport Authority had $999.000 in debt outstanding at year-end. (see Note 10).

Contacting the Airport's Financial Management

This financial report is designed to provide the taxpayers, customers, and our funding agencies with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions or need additional financial information, contact the Airport Manager.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Virginia Highlands Airport Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Virginia Highlands Airport Authority, a component unit of Washington County, Virginia as of June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Virginia Highlands Airport Authority as of June 30, 2024 and the changes in its net assets and its 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 and 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Virginia Highlands Airport Authority 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Virginia Highlands Airport Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *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 and *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 the Virginia Highlands Airport Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Virginia Highlands Airport Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2024 on our consideration of the Virginia Highlands Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Virginia Highlands Airport Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Virginia Highlands Airport Authority's internal control over financial reporting and compliance.

HBC
CERTIFIED PUBLIC ACCOUNTANTS
Abingdon, Virginia
November 22, 2024

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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 Board of Directors of
Virginia Highlands Airport Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 the Virginia Highlands Airport Authority, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Virginia Highlands Airport Authority's basic financial statements and have issued our report thereon dated November 22, 2024

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Abingdon, Virginia
November 22, 2024

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

To the Board of Directors of
Virginia Highlands Airport Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Virginia Highlands Airport Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Virginia Highlands Airport Authority's major federal programs for the year ended June 30, 2024. Virginia Highlands Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Virginia Highlands Airport Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Virginia Highlands Airport Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Virginia Highlands Airport Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

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Abingdon, Virginia
November 22, 2024

Virginia Highlands Airport Authority
A Component Unit of Washington County, Virginia
Statement of Net Position
At June 30, 2024

Exhibit 1

Assets		Amount
Current Assets		
Cash on hand and in bank	$ 1,002,098	
Accounts receivable - operations	97,352	
Accounts receivable - leases (current portion)	148,738	
Grant receivable	1,054,621	
Prepaid insurance	3,790	
Inventory	63,660	
Total Current Assets		$ 2,370,259
Property, Plant, and Equipment		
Land	13,120,373	
Buildings	5,525,534	
Improvements other than buildings	41,299,981	
Construction in progress	10,760,999	
Equipment	811,530	
Furniture & fixtures	56,191	
	71,574,608	
Less: Accumulated Depreciation	(12,038,090)	
Total Property, Plant, & Equipment		59,536,518
Other Assets		
Accounts receivable - leases (long-term)		727,363
Net pension asset		43,818
Total Assets		$ 62,677,958
Deferred Outflows of Resources		
Pension related items	$ 28,214	
OPEB related items	6,342	
Total Deferred Outflows of Resources		$ 34,556

The Notes to Financial Statement are an integral part of this statement.

Virginia Highlands Airport Authority
A Component Unit of Washington County, Virginia
Statement of Net Position
At June 30, 2024

Exhibit 1

Liabilities and Net Position		Amount
Current Liabilities		
Accounts payable	$ 1,263,803	
Accrued wages and taxes	18,973	
Accrued interest	5,569	
Deferred revenue	101,974	
Current portion of long-term debt	90,525	
Total Current Liabilities		$ 1,480,844
Long - Term Liabilities		
Loans payable less short-term portion	908,475	
Accrued vacation	26,586	
OPEB liability	16,910	
Total Long - Term Liabilities		951,971
Total Liabilities		$ 2,432,815
Deferred Inflows of Resources		
Pension related items	$ 36,442	
Lease related items	843,345	
OPEB related items	3,389	
Total Deferred Inflows of Resources		$ 883,176
Net Position		
Invested in capital assets, net of related debt	58,537,518	
Restricted - net pension asset	43,818	
Unrestricted	815,187	
Total Net Position		$ 59,396,523

The Notes to Financial Statement are an integral part of this statement.

Virginia Highlands Airport Authority
A Component Unit of Washington County, Virginia
Statement of Revenues, Expenditures, and Changes in Net Position
For Period Ending June 30, 2024

Exhibit 2

		Amount
Operating Revenues:		
Fuel sales	$ 1,499,020	
Rental income	329,428	
Miscellaneous income	42,688	
Total Operating Revenues		$ 1,871,136
Cost of Goods Sold:		
Beginning inventory at July 1, 2023	45,258	
Add: Purchases	951,035	
Goods available for resale	996,293	
Less: Ending inventory at June 30, 2024	63,660	
Total Cost of Goods Sold		932,633
Gross Profit		938,503
Total Operating Expenses		1,577,550
Net Income (Loss) Before Non-Operating Revenues (Expenses) and Capital Contributions		(639,047)
Non-Operating Revenues (Expenses)		
Interest income	28,801	
Interest income from leases	14,663	
Insurance recovery	72,159	
Operating grants	344,068	
Interest expense	(21,098)	
Total Non-Operating Revenues (Expenses)		438,593
Income (Loss) Before Capital Contributions		(200,454)
Capital Contributions		7,539,976
Change in net position		7,339,522
Net position at beginning of year		52,057,001
Net position at end of year		$ 59,396,523

The Notes to Financial Statements are an integral part of this statement

Virginia Highlands Airport Authority
A Component Unit of Washington County, Virginia
Statement of Cash Flows
For the Year Ended June 30, 2024

Exhibit 3

		Amount
Cash Flows from Operating Activities		
Cash received from customers and others	$ 1,824,038	
Cash payments to suppliers for goods and services	(1,704,475)	
Cash payments to employees for services and benefits	(578,626)	
Net Cash Flows Provided (Used) By Operating Activities		$ (459,063)
Cash Flows From Non-Capital Financing Activities		
Insurance recovery	72,159	
Cash received from operating grants and contributions	337,693	
Net Cash Flows Provided (Used) By Non-Capital Financing Activities		409,852
Cash Flows From Capital and Related Financing Activities		
Interest paid	(19,454)	
Repayment of principle on debt	(71,273)	
Proceeds from debt	600,000	
Capital projects & assets purchased	(7,430,441)	
Capital contributions received	6,710,746	
Net Cash Flows Provided (Used) By Capital And Related Financing Activities		(210,422)
Cash Flows From Investing Activities		
Interest Received		28,801
Increase (Decrease) In Cash and Cash Equivalents		(230,832)
Cash and Cash Equivalents At Beginning of Year		1,232,930
Cash and Cash Equivalents At End of Year		$ 1,002,098
Reconciliation Of Operating Income to Net Cash Provided By Operating Activities		
Net loss from operations	$ (639,047)	
Depreciation and amortization	192,656	
Net pension obligation - asset	(8,281)	
Net lease obligations - rec	(7,436)	
Net OPEB obligation - asset	(973)	
Changes in operating assets and liabilities		
Receivables	(26,027)	
Inventory	(18,402)	
Prepaids	29,573	
Payables	18,874	
Wages and taxes	(524)	
Accrued leave	5,038	
Deferred revenue	(13,635)	
Net Cash Provided (Used) By Operating Activities		$ (459,063)

The Notes to Financial Statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Financial Statements of the Virginia Highlands Airport Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Proprietary Fund Type

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The proprietary fund measurement focus is upon determination of net income, financial position, and cash flows. The proprietary fund of the Authority is an Enterprise Fund which includes all of the Authority's operations.

Enterprise Fund

The Enterprise Fund accounts for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

Reporting Entity

The Authority has been included in the general-purpose financial statements of Washington County, Virginia as a component unit, in accordance with Statement 61 of the Governmental Accounting Standards Board (GASB).

Basis of Accounting

The Enterprise Fund uses the accrual basis of accounting. Under this method revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

Inventory

The Inventory is valued at lower of cost or market using the first in, last out method.

Cash and Cash Equivalent

Virginia Highlands Airport Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from these estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment

Property, plant, and equipment purchased are stated at cost or estimated cost. Donated property is recorded at market value prevailing at date of donation. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Depreciation for fixed assets has been provided over the following estimated useful lives using the straight-line method:

Buildings	30-40 years
Improvements other than buildings	15-25 years
Equipment	5-20 years

Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets.
- 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. At June 30, 2024, restricted net position consists of the Airport's net pension asset. The balance of the asset is restricted for expected future pension payments.
- 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.

Pensions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2 - CASH AND INVESTMENTS

Deposits

All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.1-359 et. seq. of the Code of Virginia or covered by federal depository insurance. The Authority has no investments as of or for the year ended June 30, 2024.

NOTE 3 - CHANGES IN FIXED ASSETS

A summary of the changes in fixed assets follows:

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Land	$ 13,120,373	$ -	$ -	$ 13,120,373
Buildings	5,525,534	-	-	5,525,534
Improvements	13,895,382	27,404,599	-	41,299,981
Equipment	777,355	39,650	5,475	811,530
Furniture & Fixtures	56,191	-	-	56,191
Construction in Progress	29,793,682	8,371,916	27,404,599	10,760,999
Totals	63,168,517	$ 35,816,165	$ 27,410,074	71,574,608
Accumulated Depreciation	(11,850,909)			(12,038,090)
Net	$ 51,317,608			$ 59,536,518

Depreciation expense for the year ending June 30, 2024, was $192,656.

NOTE 4 – COMPENSATED ABSENCES:

In accordance with GASB Statement 16 "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences", the Authority has accrued the liability arising from outstanding claims and judgments and compensated absences.

The Authority employees earn 12 days of vacation after they have been employed with the Authority for one year. Vacation time accrues monthly up to a maximum of 80 hours without prior approval from management. On June 30, 2024, the Authority had outstanding accrued leave of $26,586.

NOTE 5 – LEASE RECEIVABLE

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activity. This statement establishes a single model lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is a lessor of hanger space as follows:

On July 1, 2021, the Authority entered into a 20-year lease as Lessor for the use of land. An initial lease receivable was recorded in the amount of $94,351. As of June 30, 2024, the value of the lease receivable was $82,201. The lessee is required to make an annual fixed payment of $4,845. The lease has an interest rate of 1.36%. The lands' estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2024, was $80,276 and the Authority recognized lease revenue of $4,700 during the fiscal year.

On July 1, 2021, the Authority entered into a 15-year lease as Lessor for the use of land. An initial lease receivable was recorded in the amount of $115,419. As of June 30, 2024, the value of the lease receivable was $94,548. The lessee is required to make an annual payment of $7,903, with an increase to $8,456 on April 1, 2027, and $9,048 on April 1, 2032. The lease has an interest rate of 1.36%. The lands' estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2024, was $92,037 and the Authority recognized lease revenue of $7,808 during the fiscal year.

On July 1, 2021, the Authority entered into a 75-month lease as Lessor for the use land. An initial lease receivable was recorded in the amount of $18,195. As of June 30, 2024, the value of the lease receivable was $9,731. The lessee is required to make fixed monthly payments of $258. The lease has an interest rate of 2.02%. The lands' estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2024, was $9,460 and the Authority recognized lease revenue of $2,917 during the fiscal year.

On July 1, 2021, the Authority entered into a 69-month lease as Lessor for the use land. An initial lease receivable was recorded in the amount of $648,376. As of June 30, 2024, the value of the lease receivable was $336,713. The lessee is required to make monthly payments of $9,716 with an increase to $10,007 on April 1, 2023, $10,308 on April 1,2024, $10,617 on April 1, 2025, and $10,935 on April 1, 2026. The lease has an interest rate of 3.00%. The lands' estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2024, was

NOTE 5 – LEASE RECEIVABLE (CONTINUED)

$309,985 and the Authority recognized lease revenue of $113,003 during the fiscal year.

On May 20, 2024, the Authority entered into a 360-month lease as Lessor for the use land. An initial lease receivable was recorded in the amount of $352,908. As of June 30, 2024, the value of the lease receivable was $352,907. The lessee is required to make annual payments of $12,085 with a 7% increase each subsequent 5 years. The lease has an interest rate of 1.36%. The lands' estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of June 30, 2024, was $351,588 and the Authority recognized lease revenue of $1,321 during the fiscal year.

Business-type Activities	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Lease Receivable				
Land				
Land lease	$ 85,878	$ -	$ 3,677	$ 82,201
Land lease	101,075	-	6,528	94,547
Space F	12,599	-	2,868	9,731
Land lease	445,811	352,909	109,098	689,622
Total Building Lease Receivable	$ 645,363	$ 352,909	$ 122,171	$ 876,101

Business-type Activities
Future Lease Revenue

Year Ended June 30	Revenue	Interest	Total
2025	$ 148,738	$ 15,897	$ 164,635
2026	144,438	11,851	156,289
2027	119,419	7,822	127,241
2028	20,204	6,296	26,500
2029	20,543	6,029	26,572
2030-2034	110,791	21,270	132,061
2035-2039	98,915	19,664	118,579
2040-2044	74,662	13,339	88,001
2045-2049	72,832	8,448	81,280
2050-2059	65,559	3,351	68,910
Total	$ 876,101	$ 113,967	$ 990,068

NOTE 6 - CONTINGENT LIABILITIES

In the normal course of operations, the Authority receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

The Authority is exposed to various risks of loss relating to torts; theft of damage to and destruction of assets; errors and omissions and natural disasters for which the Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are paying 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 Structure

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, 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 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 employee 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 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

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 restriction.

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 employees and 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 employees and 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 2, the applicable multiplier 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 credits 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 CVOLA 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 provided 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.

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	5
Inactive members:	
Vested inactive members	1
Non-vested	3
LTD	0
Inactive members active elsewhere in VRS	2
Total inactive members	6
Active members	6
Total covered employees	17

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions

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

The Authority's contractually required contribution rate for the year ended June 30, 2024, was 0.00% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $0 and $0 for the years ended June 30, 2024, and June 30, 2023, 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 Authority, the net pension liability was measured as of June 30, 2023. The total position liability used to calculate the net pension liability was determined by an actuarial valuation preformed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions – General Employees

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

Inflation	2.5%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)
Mortality rates:

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

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

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

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

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

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

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

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

Morality 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 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 - 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 weighing 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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Stategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	14.00%	9.17%	1.47%
MAPS-Multi-Asset Public Strategy	6.00%	4.50%	0.18%
PIP-Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
	100.00%		5.75%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a medium return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 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 VRS Board of Trustees for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

determined employer contribution rate from the June 30, 2022, actuarial valuation, whichever was greater. From July 1, 2023, on participating employers are assumed 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.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022	$ 745,370	$ 800,513	$ (55,143)
Changes for the year:			
Service Cost	17,859	-	17,859
Interest	49,981	-	49,981
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	9,992	-	9,992
Contributions - employer	-	15,924	(15,924)
Contributions - employee	-	51,091	(51,091)
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(45,539)	(45,539)	-
Administrative expenses	-	(527)	527
Other changes	-	19	(19)
Net changes	32,293	20,968	11,325
Balance at June 30, 2023	$ 777,663	$ 821,481	$ (43,818)

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority'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%)
Authority's Net Pension Liability	$ 84,230	$ (43,818)	$ (142,516)

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

For the year ended June 30, 2024, the Authority recognized pension expense of ($6,581). On June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,514	$ 21,688
Change in assumptions	$ -	$ 2,424
Net difference between projected and actual earnings on pension plan investments	$ -	$ 12,330
Employer contributions subsequent to the measurement date	$ 1,700	$ -
Total	$ 28,214	$ 36,442

$1,700 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Year ended June 30	Amortization
2025	$ (13,052)
2026	(8,732)
2027	11,469
2028	387
2029	-
Thereafter	-
Total	$ (9,928)

Pension Plan Data
Information about the VRS Political Subdivision Retirement Plan is available in the separately issued VRS 2023 Comprehensive Annual Financial Report (CAFR). A copy of the 2023 VRS CAFR may be downloaded from the VRS website at http://varetire.org/Pdf/publications/2023-annual-report.pdf or by writing to the System's CFO at P.O. Box 2500, Richmond, VA 23218.

Payables to the Pension Plan
At June 30, 2024, the Authority reported a payable of $1,392 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

NOTE 8 – GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN)

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 is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic 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.

The specific information for Group Life Insurance Program OPEB, including eligibility, overage, and benefits is set out below:

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. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

NOTE 8 – GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN) (CONTINUED)

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:
  - Accidental dismemberment benefit
  - Safety belt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit options

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. The minimum benefit adjusted for COLA was $9,254 as of June 30, 2024.

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, 2024, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were $1,922 and $1,789 for the years ended June 30, 2024, and June 30, 2023, respectively.

NOTE 8 – GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN) (CONTINUED)

In June 2023, the Commonwealth made a special contribution of approximately $10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly Reconvened Session, and is classified as a separate employer contribution.

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

At June 30, 2024, the entity reported a liability of $16,910 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00141% as compared to 0.00124% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of $1,091. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,689	$ 513
Net difference between projected and actual earnings on GLI OPEB program investments	-	680
Change in assumptions	361	1,172
Change in proportion	2,370	1,024
Employer contributions subsequent to the measurement date	1,922	-
Total	$ 6,342	$ 3,389

NOTE 8 – GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN) (CONTINUED)

$1,922 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30	Amortization
FY 2024	$ 210
FY 2025	(534)
FY 2026	381
FY 2027	458
FY 2028	516
Thereafter	-

Actuarial Assumptions

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

Inflation	2.5%
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 Healthy Retiree Rates projected generationally; males set forward 2 years, 105% of rates for females set forward 3years.

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

Post-Disablement:
RP-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

NOTE 8 – GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN) (CONTINUED)

The actuarial assumptions used in the June 30, 2022, valuation was 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 on July 1, 2021. 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 Plan2/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

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 June 30, 2023, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,907,052
Plan Fiduciary Net Position	2,707,739
Employers' Net GLI OPEB Liability (Asset)	$ 1,199,313
Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability	69.30%

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

NOTE 8 – GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN) (CONTINUED)

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

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

NOTE 8 – GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN) (CONTINUED)

rates that are funded by the Virginia General Assembly. From July 1, 2023, on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

The follow 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00 % Increase (7.75%)
Employer's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 25,066	$ 16,910	$ 10,316

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 2023 Comprehensive Annual Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2024, the Authority reported a payable of $398 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

NOTE 9 – NOTES PAYABLE

	Interest Rate	Payment Amount	Balance 6/30/2023	New Issues	Principle Repayment	Balance 6/30/2024	Due Within One Year	Maturity Date
VRA	4.87%	$19,666 Semi-Annual	$ 258,037	$ -	$ 27,090	$ 230,947	$ 28,426	3/1/2031
FB&T	3.40%	$12,755 Quarterly	212,236	-	44,183	168,053	45,887	11/20/2022
VRA	3.31%	$17,969 Semi-Annual	-	600,000	-	600,000	8,039	4/1/2049
Total			$ 470,273	$ 600,000	$ 71,273	$ 999,000	$ 82,352	

Scheduled principal and interest payments are as follows:

Year Ended June 30	Principle	Interest
2025	$ 82,352	$ 25,972
2026	93,780	32,515
2027	97,438	28,854
2028	76,023	25,155
2029	52,645	22,324
2030-2034	174,546	83,808
2035-2039	118,348	61,326
2040-2044	139,384	39,913
2045-2049	164,484	15,931
Total	$ 999,000	$ 335,798

NOTE 10 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority's deferred outflow is pension expense of $28,214 and OPEB related expense of $6,342.

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 position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority's deferred inflow is changes in the net pension liability of $36,442, changes in OPEB liability of $3,389, and deferred leases of $843,345.

NOTE 11 – RELATED PARTIES

In the normal course of operations, the Authority leases hanger and office rental space. At various times, Hanger space is rented to board members and the lease terms are comparable to other leases entered into by the Authority.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 22, 2024, the date which the financial statements were available to be issued.

NOTE 13 – UPCOMING PRONOUNCEMENTS

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. The requirements of the Statement are effective for reporting periods beginning after December 15, 2023.

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

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

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

VIRGINIA HIGHLANDS AIRPORT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

Virginia Highlands Airport Authority
Schedule of Changes in the Net Pension Liability and Related Ratios - Pension Plan
At June 30, 2024

Exhibit A

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 17,859	$ 9,464	$ 12,239	$ 11,653	$ 14,282	$ 13,361	$ 14,056	$ 13,370	$ 16,723	$ 15,722
Interest	49,981	45,531	42,567	47,119	43,374	40,453	39,056	37,116	34,484	32,821
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	9,992	37,943	14,393	(101,284)	21,321	11,292	5,413	3,242	12,187	-
Changes in assumptions	-	-	(8,802)	-	21,223	-	(12,371)	-	-	-
Benefit payments, including refunds of employee contributions	(45,539)	(25,260)	(26,667)	(23,158)	(20,398)	(26,359)	(26,031)	(26,000)	(25,585)	(23,975)
Net change in total pension liability	32,293	67,678	33,730	(65,670)	79,802	38,747	20,123	27,728	37,809	24,568
Total pension liability - beginning	745,370	677,692	643,962	709,632	629,830	591,083	570,960	543,232	505,423	480,855
Total pension liability - ending	$ 777,663	$ 745,370	$ 677,692	$ 643,962	$ 709,632	$ 629,830	$ 591,083	$ 570,960	$ 543,232	$ 505,423
Plan fiduciary net position										
Contributions - employer	15,924	3,671	3,481	$ 14,982	$ 14,572	$ 11,829	$ 11,223	$ 8,471	$ 8,503	$ 13,899
Contributions - employee	51,091	13,130	12,388	13,409	12,972	12,022	11,630	11,206	11,248	11,583
Net investment income		(1,008)	176,224	12,118	39,625	40,322	59,680	8,328	21,563	64,337
Benefit payments, including refunds of employee contributions	(45,539)	(25,260)	(26,667)	(23,158)	(20,398)	(26,359)	(26,031)	(26,000)	(25,585)	(23,975)
Administrative expense	(527)	(503)	(437)	(400)	(373)	(344)	(341)	(303)	(297)	(343)
Other	19	19	17	(15)	(25)	(36)	(53)	(4)	(5)	4
Net change in total pension liability	20,968	(9,951)	165,006	16,936	46,373	37,434	56,108	1,698	15,427	65,505
Total pension liability - beginning	800,513	810,464	645,458	628,522	582,149	544,715	488,607	486,909	471,482	405,977
Total pension liability - ending	821,481	$ 800,513	$ 810,464	$ 645,458	$ 628,522	$ 582,149	$ 544,715	$ 488,607	$ 486,909	$ 471,482
Political subdivision's net pension liability - ending	$ (43,818)	$ (55,143)	$ (132,772)	$ (1,496)	$ 81,110	$ 47,681	$ 46,368	$ 82,353	$ 56,323	$ 33,941
Plan fiduciary net postion as a percentage of the total pension liability	105.63%	107.40%	119.59%	100.23%	88.57%	92.43%	92.16%	85.58%	89.63%	93.28%
Covered - employee payroll	331,343	269,504	251,603	$ 277,933	$ 266,652	$ 240,435	$ 232,595	$ 224,111	$ 224,954	$ 224,954
Political subdivision's net pension liability as a percentage of covered-employee payroll	-13.22%	-20.46%	-52.77%	-0.54%	30.42%	19.83%	19.94%	36.75%	25.04%	15.09%

The plan years above are reported in the Authority's financial statements in the fiscal year following the plan year – i.e., plan year 2014 information was presented in the Authority's fiscal year 2015 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

Virginia Highlands Airport Authority
Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2015 through June 30, 2024

Exhibit B

Date	Contractually Required Contribution	Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2024	$ -	$ -	$ -	$ 356,013	0.00%
2023	-	-	-	331,343	0.00%
2022	4,016	4,016	-	269,504	1.49%
2021	3,481	3,481	-	251,603	1.38%
2020	14,982	14,982	-	277,933	5.39%
2019	14,781	14,781	-	266,652	5.54%
2018	11,829	11,829	-	240,435	4.92%
2017	10,975	10,975	-	232,595	4.72%
2016	8,471	8,471	-	224,111	3.78%
2015	8,504	8,504	-	224,954	3.78%

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

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

Non-Largest 10 Locality Emplyers - General Employers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Updated to PUB2010 public sector mortality tables. For future mortality improvemnets, replce load with a 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

Virginia Highlands Airport Authority
Schedule of Authority's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2023

Exhibit D

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
2023	0.00141%	$ 16,910	$ 331,343	5.10%	67.21%
2022	0.00124%	14,931	269,504	5.54%	67.21%
2021	0.00122%	14,204	251,603	5.65%	67.45%
2020	0.00135%	22,529	277,933	8.11%	52.64%
2019	0.00136%	22,131	266,652	8.30%	52.00%
2018	0.00126%	19,000	240,435	7.90%	51.22%
2017	0.00125%	19,000	240,434	7.90%	48.86%

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

Virginia Highlands Airport Authority
Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2018 through June 30, 2024

Date	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	$ 1,922	$ 1,922	$ -	$ 356,013	0.54%
2023	1,789	1,789	-	331,343	0.54%
2022	1,445	1,445	-	269,504	0.54%
2021	3,373	3,373	-	251,603	1.34%
2020	3,641	3,641	-	277,933	1.31%
2019	3,493	3,493	-	266,652	1.31%
2018	3,149	3,149	-	266,652	1.18%

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

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

Non-Largest 10 Locality Emplyers - General Employers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Updated to PUB2010 public sector mortality tables. For future mortality improvemnets, replce load with a 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

VIRGINIA HIGHLANDS AIRPORT AUTHORITY

SUPPORTING INFORMATION

JUNE 30, 2024

Virginia Highlands Airport Commission
A Component Unit of Washington County, Virginia
Schedule of Operating Expenses
For the Year Ended June 30, 2024

Schedule 1

	Amount
Operating Expenses:	
Professional fees	$ 50,339
Salaries	481,314
Travel and meetings	18,297
Dues and fees	8,399
Paroll taxes, retirement and benefits	102,052
Utilities	60,795
Supplies	29,604
Insurance	55,058
Merchant processing fees	26,610
Depreciation	192,656
Repairs and maintenance	549,048
Miscellaneous	3,378
Total Operating Expenses	$ 1,577,550

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Assistance Number		Expenditures
Department of Transporation			
Direct Payments:			
Airport Improvement Program	20.106	*	$ 6,356,413
Total			$ 6,356,413

* Denotes Major Program

Notes to the Schedule of Expenditures of Federal Awards

Note A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Virginia Highlands Airport Authority under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 *US Code of Federal Reggulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Virginia Highlands Airport Aurthority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Virginia Highlands Airport Authority.

Note B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) Virginia Highlands Airport Authority did not elect to use the 10% de minimus cost rate as it typically only requests direct costs for reimbursement.

(4) No awards were passed through to subrecipients

(5) Relationship to Financial Statement

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

Capital contributions	$ 7,539,976
Less state and local contributions	(1,183,563)
Total federal expenditures per financial statements	$ 6,356,413

Virginia Highlands Airport Authority
A Component Unit of Washington County
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Schedule 3

I. SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS

Type of Auditors' report issued:	Unmodified
Internal control over financials reporting: Material weaknesses identified.	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs: Material weaknesses identified.	No
Significant deficiencies identified?	No
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Section 200.516?	No
Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low risk auditee?	No

Identification of Federal Programs:

CFDA #	NAME OF FEDERAL PROGRAM OR CLUSTER
20.106	Airport Improvement Program

2. FINANCIAL STATEMENT FINDINGS

No current year findings