

# CRATER YOUTH CARE COMMISSION

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025



**CRATER YOUTH CARE COMMISSION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2025**

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**CRATER YOUTH CARE COMMISSION**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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## **CRATER YOUTH CARE COMMISSION**

(A Regional Alliance formed in 1972 to Supervise and  
Operate a Secure Detention Facility)

### **COMMISSIONERS**

Mr. Kevin Massengill, Chairperson  
Mr. William Johnson, III, Vice Chairperson

Mr. Jeffrey D. Stoke  
Mr. Charles Lucy, III  
Mr. John Altman  
Mr. William Gandel  
Ms. Melissa Rollins  
Dr. Concetta Manker

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**INDEPENDENT AUDITORS' REPORT**

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**TO THE COMMISSION MEMBERS OF  
CRATER YOUTH CARE COMMISSION  
DISPUTANTA, VIRGINIA**

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of the business-type activities of Crater Youth Care Commission as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Crater Youth Care Commission'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 Crater Youth Care Commission 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 Crater Youth Care Commission 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 14 to the financial statements, in 2025, the Commission 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 15 to the financial statements, in 2025, the Commission 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 Crater Youth Care Commission'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 with *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 Crater Youth Care Commission'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 Crater Youth Care Commission's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Crater Youth Care Commission's basic financial statements. The accompanying supporting schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stated, in all material respects, in relation to the basic 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 auditors' report thereon. Our opinion on the basic financial statements does 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 December 12, 2025 on our consideration of Crater Youth Care Commission'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 Crater Youth Care Commission'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 Crater Youth Care Commission's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
December 12, 2025

**CRATER YOUTH CARE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**To the Honorable Commission Members of Crater Youth Care Commission  
Crater Youth Care Commission**

As management of the Crater Youth Care Commission (“the Commission”), we offer readers of the Commission’s financial statements this narrative overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2025. Please read it in conjunction with the Commission’s basic financial statements, which follow this section.

**Financial Highlights**

**Statement of Net Position**

The assets and deferred outflows of resources of the Commission exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$2,620,477 (net position).

**Changes in Net Position**

The Commission reported operating and nonoperating revenue in excess of operating and nonoperating expenses in the amount of \$350,511 for the fiscal year ended June 30, 2025.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Commission’s basic financial statements. The Commission’s basic financial statements are comprised of two components:

1. Fund financial statements, (Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows), and
2. Notes to financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements.

**Fund financial statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Crater Youth Care Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Commission are classified as proprietary funds.

**Proprietary funds** - Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

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

**CRATER YOUTH CARE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Financial Summary**

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Commission, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,620,477 at the close of the most recent fiscal year. The following table summarizes the Commission's Statement of Net Position:

<b>Crater Youth Care Commission's Net Position</b>		
	<b>2025</b>	<b>2024</b>
<b>Assets:</b>		
Current and other assets	\$ 2,635,849	\$ 2,391,981
Capital assets, net of accumulated depreciation	342,606	386,240
Total assets	\$ 2,978,455	\$ 2,778,221
<b>Deferred outflows of resources:</b>		
Pension related items	\$ 114,927	\$ 95,934
OPEB related items	22,093	19,254
Total deferred outflows of resources	\$ 137,020	\$ 115,188
<b>Liabilities:</b>		
Current liabilities	\$ 23,638	\$ 32,274
Long-term liabilities	216,486	185,436
Total liabilities	\$ 240,124	\$ 217,710
<b>Deferred inflows of resources:</b>		
Pension related items	\$ 193,684	\$ 325,471
OPEB related items	61,190	75,483
Total deferred inflows of resources	\$ 254,874	\$ 400,954
<b>Net position:</b>		
Investment in capital assets	\$ 342,606	\$ 386,240
Restricted	542,906	416,454
Unrestricted	1,734,965	1,472,051
Total net position	\$ 2,620,477	\$ 2,274,745

**CRATER YOUTH CARE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Financial Summary (Continued)**

The Commission's net position increased by \$350,511 during the current fiscal year. The following table summarizes the Commission's Changes in Net Position:

<b>Crater Youth Care Commission's Changes in Net Position</b>		
	<b>2025</b>	<b>2024</b>
Operating revenues	\$ 2,805,165	\$ 2,657,094
Operating expenses	\$ 2,521,630	\$ 2,194,376
Operating income (loss)	\$ 283,535	\$ 462,718
Nonoperating revenues (expenses)	66,976	45,311
Change in net position	\$ 350,511	\$ 508,029
Net position at beginning of year, as previously reported	2,274,745	1,766,716
Restatement*	(4,779)	-
Net position at at beginning of year, as restated	\$ 2,269,966	\$ 1,766,716
Net position at end of year	\$ 2,620,477	\$ 2,274,745

\*Net position was restated for FY25 due to implementation of GASB 101.

**Capital Asset and Debt Administration**

Capital assets - The Commission's investment in capital assets for its proprietary operations as of June 30, 2025 amounts to \$342,606 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, and infrastructure.

Additional information on the Commission's capital assets can be found in Note 6 of this report.

Long-term liabilities - At the end of the current fiscal year, the Commission had total long-term liabilities of \$227,657, which is represented by a net OPEB liability of \$60,929, total OPEB postretirement healthcare insurance liability of \$55,023, and compensated absences of \$111,705.

During the fiscal year ended June 30, 2025, the Commission's compensated absences increased by \$34,367, the net OPEB liability decreased by \$6,233, and the total OPEB postretirement healthcare insurance liability increased by \$2,052.

Additional information on the Commission's long-term obligations can be found in Note 5 of this report.

Accounts Receivable from Members- At the end of the current fiscal year, the Commission had accounts receivable from Members and Non-Members of \$88,454, all of which were current.

**CRATER YOUTH CARE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Next Year's Budget**

The fiscal year 2026 budget included a cost of living increase of 3% for all employees.

**Requests for Information**

This financial report is designed to provide a general overview of the financial operations of the Crater Youth Care Commission. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Crater Youth Care Commission, 6102 County Drive, Disputanta, Virginia, 23842.

*BASIC FINANCIAL STATEMENTS*

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## CRATER YOUTH CARE COMMISSION

Statement of Net Position  
At June 30, 2025

<b>Assets:</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,953,276
Accounts receivable	88,454
Prepaid items	51,213
Total current assets	<u>\$ 2,092,943</u>
Capital Assets, net of accumulated depreciation:	
Land and land improvements	\$ 18,690
Buildings and improvements	159,625
Equipment	104,536
Infrastructure	59,755
Total capital assets	<u>\$ 342,606</u>
Other Assets:	
Net pension asset	\$ 542,906
Total noncurrent assets	<u>\$ 885,512</u>
Total assets	<u>\$ 2,978,455</u>
<b>Deferred Outflows of Resources:</b>	
Pension related items	\$ 114,927
OPEB related items	22,093
Total deferred outflows of resources	<u>\$ 137,020</u>
<b>Liabilities:</b>	
Current Liabilities:	
Accounts payable	\$ 8,341
Compensated absences, current portion	11,171
Other accrued current liabilities	4,126
Total current liabilities	<u>\$ 23,638</u>
Long-term Obligations:	
Compensated absences, less current portion	\$ 100,534
Total OPEB liability	55,023
Net OPEB liability	60,929
Total long-term obligations	<u>\$ 216,486</u>
Total liabilities	<u>\$ 240,124</u>
<b>Deferred Inflows of Resources:</b>	
Pension related items	\$ 193,684
OPEB related items	61,190
Total deferred inflows of resources	<u>\$ 254,874</u>
<b>Net Position:</b>	
Investment in capital assets	\$ 342,606
Restricted for pension benefits	542,906
Unrestricted	1,734,965
Total net position	<u>\$ 2,620,477</u>
Total liabilities and net position	<u>\$ 2,860,601</u>

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

## CRATER YOUTH CARE COMMISSION

**Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2025**

Operating revenues:	
Secured detention revenues	\$ 1,797,433
Miscellaneous	73,278
Department of Juvenile Justice	934,454
Total operating revenues	<u>\$ 2,805,165</u>
Operating expenses:	
Personnel	\$ 1,783,750
Fringe benefits	98,912
Contractual services	161,780
Other charges	159,105
Materials and supplies	194,874
Capital outlay	52,822
Depreciation	70,387
Total operating expenses	<u>\$ 2,521,630</u>
Operating income (loss)	<u>\$ 283,535</u>
Nonoperating revenues (expenses):	
Interest income	\$ 55,576
Department of Education	11,400
Total nonoperating revenues (expenses)	<u>\$ 66,976</u>
Change in net position	\$ 350,511
Net position at beginning of year, as previously reported	2,274,745
Restatement	(4,779)
Net position at beginning of year, as restated	<u>\$ 2,269,966</u>
Net position at end of year	<u><u>\$ 2,620,477</u></u>

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

## CRATER YOUTH CARE COMMISSION

Statement of Cash Flows  
For the Year Ended June 30, 2025

Cash flows from operating activities:	
Receipts from members	\$ 1,770,461
Receipts from non-members	7,306
Miscellaneous receipts	73,278
DJJ support	934,454
Payments to employees	(2,146,840)
Payments for goods and services	(577,682)
	<u>60,977</u>
Net cash provided by (used for) operating activities	\$ <u>60,977</u>
Cash flows from noncapital and related financing activities:	
Government grants	\$ <u>11,400</u>
Net cash provided by (used for) non-capital and related financing activities	\$ <u>11,400</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ <u>(26,753)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(26,753)</u>
Cash flows from investing activities:	
Interest income	\$ <u>55,576</u>
Net cash provided by (used for) investing activities	\$ <u>55,576</u>
Net increase (decrease) in cash and cash equivalents	\$ 101,200
Cash and cash equivalents, beginning of year	<u>1,852,076</u>
Cash and cash equivalents, end of year	\$ <u><u>1,953,276</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Net operating income (loss)	\$ 283,535
Adjustments to reconcile net cash provided by (used for) operating activities:	
Depreciation expense	70,387
Decrease (increase) in accounts receivable	(19,666)
Decrease (increase) in prepaid items	3,450
Decrease (increase) in net pension asset	(126,452)
Decrease (increase) in deferred outflows of resources	(21,832)
Increase (decrease) in accounts payable	(7,412)
Increase (decrease) in other accrued current liabilities	(5,139)
Increase (decrease) in total OPEB liability - Healthcare	2,052
Increase (decrease) in net OPEB liability - Group Life	(6,233)
Increase (decrease) in compensated absences	34,367
Increase (decrease) in deferred inflows of resources	(146,080)
Net cash provided by (used for) operating activities	\$ <u><u>60,977</u></u>

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

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## CRATER YOUTH CARE COMMISSION

### Notes to Financial Statements As of June 30, 2025

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#### NOTE 1—BASIS OF PRESENTATION:

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##### A. Organization and Purpose

Crater Youth Care Commission (the Commission) is a political subdivision organized under the laws of the State of Virginia to provide short-term preadjudicatory incarceration of minors between the ages of eight and seventeen who are a present danger to society or to themselves. The Commission is composed of the Cities of Petersburg, Hopewell, and Emporia and the Counties of Prince George, Dinwiddie, Sussex and Surry.

##### B. Financial Reporting Entity

The Commission has determined that it is a related organization to the Cities of Petersburg, Hopewell, and Emporia, and the Counties of Prince George, Dinwiddie, Sussex and Surry. The Commission is a legally separate organization whose members include the chief administrative official from each jurisdiction. Since the Boards of Supervisors and City Councils cannot impose their will on the Commission and since there is no potential financial benefit or burden in the relationship, the Boards of Supervisors or City Councils are not financially accountable for the Commission. Accordingly, the Commission is not considered a component unit of the Counties or Cities.

#### NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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The accompanying financial statements conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB).

##### A. Basic Financial Statements

Since the Commission is only engaged in business-type activities, it is required to present only the financial statements required for enterprise funds. For the Commission, the basic financial statements are detailed below:

###### Enterprise Fund Financial Statements

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

##### B. Basis of Accounting

Crater Youth Care Commission operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Commission accrues revenue for services rendered but not yet billed at the end of the fiscal year.

The Commission distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are charges to Commission members for secured detention services. Operating expenses include the cost of housing inmates, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

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NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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C. Cash and Cash Equivalents

The Commission’s cash and cash equivalents consist of demand deposits. The Commission considers cash on hand and in banks and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

D. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-40
Equipment	5-10
Infrastructure	20-40

F. Prepaid Items

Certain payments to vendors reflect costs applied to future accounting periods and are not recorded as prepaid items. Prepaid items are accounted for using the consumption method and are valued at cost.

G. Accounts Receivable

All accounts receivable are deemed by management to be collectible at June 30, 2025; therefore, there is no allowance for doubtful accounts recognized in the financial statements.

## CRATER YOUTH CARE COMMISSION

### Notes to Financial Statements (Continued) As of June 30, 2025

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#### NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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##### H. Use of Estimates

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

##### I. Deferred Outflows/Inflows of Resources

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

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

##### J. Compensated Absences

The liability for compensated absences represents amounts owed to employees for earned but unused vacation and other leave benefits. In accordance with GASB Statement No. 101, *Compensated Absences*, this liability is recognized when the leave is attributable to services already rendered, the leave accumulates, and it is probable that the leave will be used or paid. The liability is measured using the pay rates in effect as of the reporting date, including salary-related payments that are directly and incrementally associated with payments for compensated absences. The portion of the liability expected to be paid within one year is reported as a current liability in the financial statements. The Commission has outstanding compensated absences totaling \$111,705.

##### K. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. 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 and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

## CRATER YOUTH CARE COMMISSION

### Notes to Financial Statements (Continued) As of June 30, 2025

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#### NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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##### K. Net Position (Continued)

- 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.

##### L. Net Position Flow Assumption

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

##### M. Pensions

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

##### N. Group Life Insurance

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 Virginia Retirement System (VRS) Group Life Insurance plan OPEB and the additions to/deductions from the VRS 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.

##### O. Subsequent Events

The Commission has evaluated subsequent events through December 12, 2025, the date on which the financial statements are available to be issued.

## CRATER YOUTH CARE COMMISSION

### Notes to Financial Statements (Continued) As of June 30, 2025

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#### NOTE 3—DEPOSITS AND INVESTMENTS:

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##### Deposits

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

##### Investments

Statutes authorize local governments and other public bodies 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 Standards & 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).

##### Credit Risk of Debt Securities

The Commission’s rated debt investments as of June 30, 2025 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

Commission's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Rating</u>
	<u>AAAm</u>
VACo/VML Virginia Investment Pool	\$ 1,188,746

##### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Commission has measured fair value of the VACo/VML Virginia Investment Pool investments at net asset value (NAV). There are no withdrawal limitations or restrictions imposed on participants.

##### Interest Rate Risk

The Commission invests funds in low-risk investments backed by U. S. government agencies.

Investment Maturities (in years)		
<u>Investment type</u>	<u>Fair Value</u>	<u>Less than 1 year</u>
VACo/VML Virginia Investment Pool	\$ 1,188,746	\$ 1,188,746

**CRATER YOUTH CARE COMMISSION**

**Notes to Financial Statements (Continued)  
As of June 30, 2025**

**NOTE 4—ACCOUNTS RECEIVABLE:**

Accounts receivable due to the Commission are as follows:

	<u>Current</u>	<u>Total</u>
Member Localities:		
City of Hopewell	\$ 30,186	\$ 30,186
City of Petersburg	23,063	23,063
County of Dinwiddie	8,419	8,419
County of Prince George	11,810	11,810
Non-Member	14,976	14,976
Totals	<u>\$ 88,454</u>	<u>\$ 88,454</u>

**NOTE 5—LONG-TERM OBLIGATIONS:**

A summary of long-term obligation transactions for the year ended June 30, 2025 is as follows:

	<u>Balance at July 1, 2024</u>	<u>Restatement</u>	<u>Restated Balance at July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2025</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 72,559	\$ 4,779	\$ 77,338	\$ 42,101	\$ 7,734	\$ 111,705	\$ 11,171
Total OPEB liability	52,971	-	52,971	3,337	1,285	55,023	-
Net OPEB liability	<u>67,162</u>	<u>-</u>	<u>67,162</u>	<u>27,771</u>	<u>34,004</u>	<u>60,929</u>	<u>-</u>
Totals	<u>\$ 192,692</u>	<u>\$ 4,779</u>	<u>\$ 197,471</u>	<u>\$ 73,209</u>	<u>\$ 43,023</u>	<u>\$ 227,657</u>	<u>\$ 11,171</u>

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**CRATER YOUTH CARE COMMISSION**

**Notes to Financial Statements (Continued)**  
**As of June 30, 2025**

**NOTE 6—CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not subject to depreciation:				
Land and land improvements	\$ 18,690	\$ -	\$ -	\$ 18,690
Total capital assets not subject to depreciation	\$ 18,690	\$ -	\$ -	\$ 18,690
Capital assets subject to depreciation:				
Buildings and improvements	\$ 1,878,528	\$ -	\$ -	\$ 1,878,528
Equipment	844,054	26,753	-	870,807
Infrastructure	179,266	-	-	179,266
Total capital assets subject to depreciation	\$ 2,901,848	\$ 26,753	\$ -	\$ 2,928,601
Accumulated depreciation:				
Buildings and improvements	\$ 1,689,517	\$ 29,386	\$ -	\$ 1,718,903
Equipment	731,245	35,026	-	766,271
Infrastructure	113,536	5,975	-	119,511
Total accumulated depreciation	\$ 2,534,298	\$ 70,387	\$ -	\$ 2,604,685
Total capital assets subject to depreciation, net	\$ 367,550	\$ (43,634)	\$ -	\$ 323,916
Net capital assets	\$ 386,240	\$ (43,634)	\$ -	\$ 342,606

**NOTE 7—MEMBER SECURED DETENTION REVENUE:**

The following is a summary of member secured detention revenue for the fiscal year ended June 30, 2025:

	Secured Detention Revenue
Member Localities:	
City of Emporia	\$ 166,723
City of Hopewell	315,859
City of Petersburg	475,780
County of Dinwiddie	270,820
County of Prince George	399,189
County of Surry	38,864
County of Sussex	122,892
Totals	\$ 1,790,127

## CRATER YOUTH CARE COMMISSION

### Notes to Financial Statements (Continued) As of June 30, 2025

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#### NOTE 8—PENSION PLAN:

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##### *Plan Description*

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

##### *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.

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CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

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NOTE 8—PENSION PLAN: (Continued)

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*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, 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 duty 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 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.

*Employees Covered by Benefit Terms*

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	43
Inactive members:	
Vested inactive members	7
Non-vested inactive members	14
Inactive members active elsewhere in VRS	20
Active members	<u>25</u>
Total covered employees	<u><u>109</u></u>

**CRATER YOUTH CARE COMMISSION**

**Notes to Financial Statements (Continued)  
As of June 30, 2025**

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**NOTE 8—PENSION PLAN: (Continued)**

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***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 Commission’s contractually required employer contribution rate for the year ended June 30, 2025 was 4.10% of covered employee compensation. 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 asset. Contributions to the pension plan from the Commission were \$61,353 and \$95,934 for the years ended June 30, 2025 and June 30, 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 \$7,491 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 \$5,391 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$850,768 for the year ended June 30, 2025.

***Net Pension Asset***

The net pension asset is calculated separately for each employer and represents that particular employer’s total pension asset determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. For the Commission, the 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.

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the Commission’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	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

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NOTE 8—PENSION PLAN: (Continued)

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*Actuarial Assumptions - General Employees (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, 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

CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

NOTE 8—PENSION PLAN: (Continued)

*Long-Term Expected Rate of Return*

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

<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 45<sup>th</sup> 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%.

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CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

NOTE 8—PENSION PLAN: (Continued)

*Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. 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.

*Changes in Net Pension Liability (Asset)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 6,486,470	\$ 6,902,924	\$ (416,454)
Changes for the year:			
Service cost	\$ 124,911	\$ -	\$ 124,911
Interest	432,748	-	432,748
Differences between expected and actual experience	138,612	-	138,612
Contributions - employer	-	95,933	(95,933)
Contributions - employee	-	70,254	(70,254)
Net investment income	-	660,940	(660,940)
Benefit payments, including refunds of employee contributions	(400,609)	(400,609)	-
Administrative expenses	-	(4,536)	4,536
Other changes	-	132	(132)
Net changes	\$ 295,662	\$ 422,114	\$ (126,452)
Balances at June 30, 2024	\$ 6,782,132	\$ 7,325,038	\$ (542,906)

CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

NOTE 8—PENSION PLAN: (Continued)

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

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

	<u>Rate</u>		
	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Commission Net Pension Liability (Asset)	\$ 175,479	\$ (542,906)	\$ (1,136,171)

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

For the year ended June 30, 2025, the Commission recognized pension expense of \$(215,880). At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ 53,574	\$ -
Net difference between projected and actual earnings on plan investments	-	193,684
Employer contributions subsequent to the measurement date	<u>61,353</u>	<u>-</u>
Total	<u>\$ 114,927</u>	<u>\$ 193,684</u>

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CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

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NOTE 8—PENSION PLAN: (Continued)

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

\$61,353 reported as deferred outflows of resources related to pensions resulting from the Commission’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended 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	\$ (121,263)
2027	58,537
2028	(36,775)
2029	(40,609)
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 <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.

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

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*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 Group Life Insurance Plan upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

## CRATER YOUTH CARE COMMISSION

### Notes to Financial Statements (Continued) As of June 30, 2025

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#### NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

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

##### *Eligible Employees*

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

##### *Benefit Amounts*

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 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 \$7,086 and \$7,568 for the years ended June 30, 2025 and June 30, 2024, respectively.

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CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

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

At June 30, 2025, the entity reported a liability of \$60,929 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 .0055% as compared to .0056% at June 30, 2023.

For the year ended June 30, 2025, the participating employer recognized GLI OPEB expense of \$(1,531). 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 9,610	\$ 1,488
Net difference between projected and actual earnings on GLI OPEB plan investments	-	5,136
Change in assumptions	347	3,020
Changes in proportionate share	100	8,499
Employer contributions subsequent to the measurement date	<u>7,086</u>	<u>-</u>
Total	<u>\$ 17,143</u>	<u>\$ 18,143</u>

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CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

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NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

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*GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)*

\$7,086 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:

<u>Year Ended June 30</u>	
2026	\$ (5,486)
2027	(1,303)
2028	(2,200)
2029	212
2030	691
Thereafter	-

***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

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CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

*Actuarial Assumptions: (Continued)*

**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

Beneficiations and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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

CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

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NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

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*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):

		<u>GLI OPEB Plan</u>
Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		<u>3,080,133</u>
GLI Net OPEB Liability (Asset)	\$	<u><u>1,115,922</u></u>
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.

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CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

*Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	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	100.00%		7.07%
		*Expected arithmetic nominal return	7.07%

\*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 45<sup>th</sup> 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 employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 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

CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

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NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (Continued)

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*Discount Rate (Continued)*

projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

*Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB liability to Changes in the Discount Rate*

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Commission's proportionate share of the GLI Plan Net OPEB Liability	\$ 94,753	\$ 60,929	\$ 33,604

*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.

NOTE 10—POSTRETIREMENT HEALTHCARE PLAN (OPEB PLAN):

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**Plan Description**

In addition to the pension and OPEB benefits described in Notes 8 and 9, the Commission administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Commission’s pension plan. The plan does not issue a publicly available financial report.

**Benefits Provided**

Postemployment benefits are provided to eligible retirees to include Medical and Dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the Commission who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

## CRATER YOUTH CARE COMMISSION

### Notes to Financial Statements (Continued) As of June 30, 2025

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#### NOTE 10—POSTRETIREMENT HEALTHCARE PLAN (OPEB PLAN): (Continued)

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##### Plan Membership

At the June 30, 2023 valuation date, the following employees were covered by the benefit terms:

Total active employees with coverage	23
Total active employees without coverage	-
Total retirees with coverage	-
Total retirees without coverage	-
	<hr/>
Total	<u>23</u>

##### Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Commission Board. The amount paid by the Commission for OPEB during the year ended June 30, 2025 was \$2,235.

##### Total OPEB Liability

The Commission's Total OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the Total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

##### Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary Increases	4.00% per year
Discount Rate	3.97% based on Muni 20 year Aa published by Fidelity Investments
Health Care Cost Trend	5.50% from the period beginning July 1, 2023; then grading down to 4.0% (by 0.25% increments) in 2029

Mortality rates are based on the Pub-2010 Healthy Lives (separate tables for pre- and post-retirement for males and females), projected to change from 2010 by the MP-2021 Scale.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

NOTE 10—POSTRETIREMENT HEALTHCARE PLAN (OPEB PLAN): (Continued)

Discount Rate

The discount rate used when OPEB plan investments do not have assets is a yield or index rate for 20-year, high quality municipal bond index published by Fidelity Investments. The discount rate used for this year’s valuation is 3.97% as of the end of the fiscal year with the expectation that the Commission will continue contributing the Actuarially Determined Contribution.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	\$ 52,971
Changes for the year:	
Service cost	1,312
Interest	2,025
Changes in assumptions	(289)
Benefit payments	(996)
Net changes	\$ 2,052
Balance at June 30, 2024	\$ 55,023

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

The following amounts present the Total OPEB liability of the Commission, as well as what the Total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.97%) or 1 percentage point higher (4.97%) than the current discount rate:

1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
\$ 56,390	\$ 55,023	\$ 49,396

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Total OPEB liability of the Commission, as well as what the Total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rates		
Current Trend Rates -1.00%	Current Trend Rates	Current Trend Rates +1.00%
\$ 49,894	\$ 55,023	\$ 55,540

CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

NOTE 10—POSTRETIREMENT HEALTHCARE PLAN (OPEB PLAN): (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2025, the Commission OPEB expense totaled \$(9,465). At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 2,715	\$ 20,255
Differences between expected and actual experience	-	22,792
Employer contributions subsequent to the measurement date	2,235	-
Total	<u>\$ 4,950</u>	<u>\$ 43,047</u>

\$2,235 reported as deferred outflows of resources related to the OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Total 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 OPEB will be recognized in the OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2026	\$ (12,802)
2027	(12,798)
2028	(12,410)
2029	(1,122)
2030	(1,157)
Thereafter	(43)

Additional disclosures on changes in Total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

NOTE 11—SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT PLANS:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Total OPEB Liability</u>	<u>Net OPEB Liability</u>	<u>OPEB Expense</u>
VRS Group Life Insurance Plan (Note 9)	\$ 17,143	\$ 18,143	\$ -	\$ 60,929	\$ (1,531)
Commission Stand-Alone Plan (Note 10)	4,950	43,047	55,023	-	(9,465)
Totals	<u>\$ 22,093</u>	<u>\$ 61,190</u>	<u>\$ 55,023</u>	<u>\$ 60,929</u>	<u>\$ (10,996)</u>

## CRATER YOUTH CARE COMMISSION

### Notes to Financial Statements (Continued) As of June 30, 2025

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#### NOTE 12—LITIGATION:

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There were no matters of litigation involving the Commission which would materially affect the Commission's financial position should any court decisions on pending matters not be favorable to the Commission.

#### NOTE 13—RISK MANAGEMENT:

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The Commission participates in the VACorp for workers' compensation and public official's general liability insurance coverage. Other insurance coverage for property, crime, dishonesty and related coverage are purchased from a commercial insurance carrier. Coverage for these items vary from stated property values to \$1,000,000. Settled claims have not exceeded commercial coverage for the past three years.

#### NOTE 14—CHANGE IN ACCOUNTING PRINCIPLE:

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During the year ended June 30, 2025, the Commission implemented GASB Statement No. 101, *Compensated Absences*. This Statement establishes recognition and measurement guidance for compensated absences that are attributable to services already rendered and that are expected to be paid or settled. Implementation of this Statement required the recognition of a liability for certain leave benefits previously unrecorded or measured differently under prior standards.

The adoption of GASB 101 resulted in a restatement of beginning net position as shown in Note 15 below.

#### NOTE 15—RESTATEMENT OF BEGINNING BALANCES:

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The beginning net position at July 1, 2024, has been restated to reflect the cumulative effect of implementing GASB Statement No. 101, *Compensated Absences*.

The impact of the restatement on beginning net position is as follows:

Net Position, July 1, 2024, as previously stated	\$ 2,274,745
Implementation of GASB 101:	
Compensated absences liability	<u>(4,779)</u>
Net Position, July 1, 2024, as restated	<u>\$ 2,269,966</u>

#### NOTE 16—UPCOMING PRONOUNCEMENTS:

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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.

CRATER YOUTH CARE COMMISSION

Notes to Financial Statements (Continued)  
As of June 30, 2025

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**NOTE 16—UPCOMING PRONOUNCEMENTS: (Continued)**

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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.

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*REQUIRED SUPPLEMENTARY INFORMATION*

CRATER YOUTH CARE COMMISSION

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
For the Measurement Dates of June 30, 2015 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Total pension liability</b>				
Service cost	\$ 124,911	\$ 139,529	\$ 126,849	\$ 142,934
Interest	432,748	456,843	457,387	402,744
Differences between expected and actual experience	138,612	(461,950)	(165,640)	164,980
Assumption changes	-	-	-	289,579
Benefit payments	(400,609)	(552,929)	(325,733)	(309,404)
<b>Net change in total pension liability</b>	<u>\$ 295,662</u>	<u>\$ (418,507)</u>	<u>\$ 92,863</u>	<u>\$ 690,833</u>
<b>Total pension liability - beginning</b>	<u>6,486,470</u>	<u>6,904,977</u>	<u>6,812,114</u>	<u>6,121,281</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 6,782,132</u>	<u>\$ 6,486,470</u>	<u>\$ 6,904,977</u>	<u>\$ 6,812,114</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 95,933	\$ 93,598	\$ 68,519	\$ 74,077
Contributions - employee	70,254	60,237	58,093	63,240
Net investment income	660,940	431,267	(5,265)	1,546,579
Benefit payments	(400,609)	(552,929)	(325,733)	(302,477)
Refunds of contributions	-	-	-	(6,927)
Administrator charges	(4,536)	(4,574)	(4,441)	(3,909)
Other	132	171	162	145
<b>Net change in plan fiduciary net position</b>	<u>\$ 422,114</u>	<u>\$ 27,770</u>	<u>\$ (208,665)</u>	<u>\$ 1,370,728</u>
<b>Plan fiduciary net position - beginning</b>	<u>6,902,924</u>	<u>6,875,154</u>	<u>7,083,819</u>	<u>5,713,091</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 7,325,038</u>	<u>\$ 6,902,924</u>	<u>\$ 6,875,154</u>	<u>\$ 7,083,819</u>
<b>Commission's net pension liability (asset) - ending (a) - (b)</b>	\$ (542,906)	\$ (416,454)	\$ 29,823	\$ (271,705)
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	108.00%	106.42%	99.57%	103.99%
<b>Covered employee payroll</b>	\$ 1,401,540	\$ 1,317,734	\$ 1,236,250	\$ 1,342,818
<b>Commission's net pension liability (asset) as a percentage of covered employee payroll</b>	-38.74%	-31.60%	2.41%	-20.23%

Exhibit 4

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$	138,115	\$ 122,262	\$ 116,206	\$ 123,067	\$ 137,815	\$ 147,946
	389,027	384,503	367,697	354,681	342,636	330,512
	(12,422)	(86,537)	45,532	226	(22,227)	(22,067)
	-	153,838	-	(545)	-	-
	<u>(313,618)</u>	<u>(293,576)</u>	<u>(285,123)</u>	<u>(297,858)</u>	<u>(274,438)</u>	<u>(291,956)</u>
\$	201,102	\$ 280,490	\$ 244,312	\$ 179,571	\$ 183,786	\$ 164,435
	5,920,179	5,639,689	5,395,377	5,215,806	5,032,020	4,867,585
\$	<u>6,121,281</u>	<u>5,920,179</u>	<u>5,639,689</u>	<u>5,395,377</u>	<u>5,215,806</u>	<u>5,032,020</u>
\$	69,434	\$ 69,751	\$ 91,258	\$ 85,871	\$ 107,039	\$ 108,750
	64,156	61,973	62,106	58,385	59,293	60,282
	109,856	366,629	391,005	588,902	84,112	217,579
	(313,618)	(293,576)	(285,123)	(297,858)	(274,438)	(291,956)
	-	-	-	-	-	-
	(3,810)	(3,714)	(3,415)	(3,479)	(3,086)	(3,057)
	<u>(129)</u>	<u>(231)</u>	<u>(347)</u>	<u>(521)</u>	<u>(36)</u>	<u>(45)</u>
\$	(74,111)	\$ 200,832	\$ 255,484	\$ 431,300	\$ (27,116)	\$ 91,553
	5,787,202	5,586,370	5,330,886	4,899,586	4,926,702	4,835,149
\$	<u>5,713,091</u>	<u>5,787,202</u>	<u>5,586,370</u>	<u>5,330,886</u>	<u>4,899,586</u>	<u>4,926,702</u>
\$	408,190	\$ 132,977	\$ 53,319	\$ 64,491	\$ 316,220	\$ 105,318
	93.33%	97.75%	99.05%	98.80%	93.94%	97.91%
\$	1,332,957	\$ 1,290,463	\$ 1,285,256	\$ 1,208,596	\$ 1,221,757	\$ 1,224,012
	30.62%	10.30%	4.15%	5.34%	25.88%	8.60%

## Schedule of Employer Contributions

Pension Plan

For the Years Ended June 30, 2016 through June 30, 2025

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)		
2025	\$ 61,353	\$ 61,353	\$ -	1,496,412	4.10%
2024	95,934	95,934	-	1,401,540	6.84%
2023	93,685	93,685	-	1,317,734	7.11%
2022	68,518	68,518	-	1,236,250	5.54%
2021	74,078	74,078	-	1,342,818	5.52%
2020	69,727	69,727	-	1,332,957	5.23%
2019	69,751	69,571	-	1,290,463	5.39%
2018	94,595	94,595	-	1,285,256	7.36%
2017	88,953	88,953	-	1,208,596	7.36%
2016	109,469	109,469	-	1,221,757	8.96%

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

Notes to Required Supplementary Information

Pension Plan

Year Ended June 30, 2025

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**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:

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

Schedule of Commission's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.0055%	\$ 60,929	\$ 1,401,540	4.35%	73.41%
2023	0.0056%	67,162	1,317,734	5.10%	69.30%
2022	0.0057%	68,393	1,236,250	5.53%	67.21%
2021	0.0065%	75,677	1,342,818	5.64%	67.45%
2020	0.0065%	108,140	1,332,957	8.11%	52.64%
2019	0.0066%	107,888	1,299,549	8.30%	52.00%
2018	0.0068%	102,000	1,285,256	7.94%	51.22%
2017	0.0066%	99,000	1,208,596	8.19%	48.86%

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

Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2016 through June 30, 2025

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
2025	\$ 7,086	\$ 7,086	\$ -	\$ 1,507,600	0.47%
2024	7,568	7,568	-	1,401,540	0.54%
2023	7,116	7,116	-	1,317,734	0.54%
2022	6,676	6,676	-	1,236,250	0.54%
2021	7,251	7,251	-	1,342,818	0.54%
2020	6,931	6,931	-	1,332,957	0.52%
2019	6,758	6,758	-	1,299,549	0.52%
2018	6,735	6,735	-	1,285,256	0.52%
2017	6,296	6,296	-	1,208,596	0.52%
2016	5,816	5,816	-	1,221,757	0.48%

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

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**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

**CRATER YOUTH CARE COMMISSION**

Schedule of Changes in Total OPEB Liability and Related Ratios - Healthcare Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Total OPEB liability</b>			
Service cost	\$ 1,312	\$ 2,600	\$ 3,348
Interest	2,025	2,204	1,192
Changes in assumptions	(289)	(638)	(4,562)
Differences between expected and actual experience	-	(7,150)	-
Benefit payments	(996)	(2,338)	(840)
<b>Net change in total OPEB liability</b>	<b>\$ 2,052</b>	<b>\$ (5,322)</b>	<b>\$ (862)</b>
<b>Total OPEB liability - beginning</b>	<b>52,971</b>	<b>58,293</b>	<b>59,155</b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 55,023</u></b>	<b><u>\$ 52,971</u></b>	<b><u>\$ 58,293</u></b>
<b>Covered-employee payroll</b>	<b>\$ 1,269,541</b>	<b>\$ 1,220,712</b>	<b>\$ 1,351,320</b>
<b>Commission's total OPEB liability as a percentage of covered-employee payroll</b>	<b>4.3%</b>	<b>4.3%</b>	<b>4.3%</b>

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Exhibit 10

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$	4,845	\$ 4,534	\$ 6,566	\$ 6,705	\$ 7,375
	2,031	2,207	4,373	4,162	3,047
	(14,188)	6,105	(26,008)	(371)	(3,906)
	(17,239)	-	(29,198)	(6,231)	-
	-	-	-	-	-
\$	<u>(24,551)</u>	\$ 12,846	\$ (44,267)	\$ 4,265	\$ 6,516
	83,706	70,860	115,127	110,862	104,346
\$	<u>59,155</u>	<u>83,706</u>	<u>70,860</u>	<u>115,127</u>	<u>110,862</u>
\$	1,328,975	\$ 1,424,626	\$ 1,315,050	\$ 1,205,048	\$ 1,045,444
	4.5%	5.9%	5.4%	9.6%	10.6%

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

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Valuation Date: 6/30/2023  
 Measurement Date: 6/30/2024

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Individual Entry Age Normal Cost with normal cost determined as a percentage of pay
Discount Rate	0.0397
Inflation	0.025
Healthcare Trend Rate	5.50% in 2023-2024 decreasing 0.25% per year to an ultimate rate of 4.00% in 2029 and later.
Salary Increase Rates	0.04
Mortality Rates	Based on the Pub-2010 Healthy Lives (separate tables for pre- and post-retirement for males and females), projected to change from 2010 by the MP-2021 Scale.
Turnover Rates	Termination rates vary by gender, job classification, service, and plan eligibility. They are based on the 2016-2021 VRS Experience Study.
Retirement Rates	Retirement rates vary by gender, job classification, service and plan eligibility. They are based on the 2016-2021 VRS Experience Study.
Disability Rates	None assumed.
Retiree Participation	40% of employees who become eligible elect to be covered by the retiree plan benefits.
Spouse Assumption	10% of active employees are assumed to have and elected coverage for their spouses at retirement. Wives are assumed to be three years younger than husbands.

*OTHER SUPPLEMENTARY INFORMATION*

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*SUPPORTING SCHEDULES*

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## CRATER YOUTH CARE COMMISSION

Schedule of Revenues - Budget and Actual  
For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Operating Income:			
Secured Detention Revenues:			
Member population and usage	\$ 1,790,127	\$ 1,790,127	\$ -
Non-member usage	<u>-</u>	<u>7,306</u>	<u>7,306</u>
Total secured detention revenues	\$ <u>1,790,127</u>	\$ <u>1,797,433</u>	\$ <u>7,306</u>
Miscellaneous:			
Central Admission and Placement Unit (CAP)	\$ -	\$ 68,956	\$ 68,956
Miscellaneous	<u>-</u>	<u>4,322</u>	<u>4,322</u>
Total miscellaneous	\$ <u>-</u>	\$ <u>73,278</u>	\$ <u>73,278</u>
Department of Education Revenues:			
Department of Education	\$ <u>11,400</u>	\$ <u>11,400</u>	\$ <u>-</u>
Department of Juvenile Justice Revenues:			
Block grant	\$ 777,484	\$ 878,170	\$ 100,686
USDA	28,793	45,584	16,791
State ward per diem	<u>7,300</u>	<u>10,700</u>	<u>3,400</u>
Total Department of Juvenile Justice revenues	\$ <u>813,577</u>	\$ <u>934,454</u>	\$ <u>120,877</u>
Total Operating Income	\$ <u>2,615,104</u>	\$ <u>2,816,565</u>	\$ <u>201,461</u>
Nonoperating Income:			
Interest income	\$ <u>-</u>	\$ <u>55,576</u>	\$ <u>55,576</u>
Total Nonoperating Income	\$ <u>-</u>	\$ <u>55,576</u>	\$ <u>55,576</u>
Total Income	\$ <u><u>2,615,104</u></u>	\$ <u><u>2,872,141</u></u>	\$ <u><u>257,037</u></u>

Schedule of Expenses - Budget and Actual  
For the Year Ended June 30, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating Expenses:</b>			
<b>Personnel:</b>			
Salaries	\$ 1,514,610	\$ 1,661,274	\$ (146,664)
Wages	85,250	122,476	(37,226)
Total personnel	\$ 1,599,860	\$ 1,783,750	\$ (183,890)
<b>Fringe benefits:</b>			
FICA	\$ 121,867	\$ 127,680	\$ (5,813)
VRS	111,576	(217,073)	328,649
Group life insurance	17,641	6,094	11,547
Hospitalization insurance	203,000	163,547	39,453
Disability insurance	8,500	13,487	(4,987)
Staff medical exams	300	-	300
Uniform and wearing apparel	4,000	5,147	(1,147)
Other fringe benefits	9,360	30	9,330
Total fringe benefits	\$ 476,244	\$ 98,912	\$ 377,332
<b>Contractual services:</b>			
Medical services	\$ 16,200	\$ 16,626	\$ (426)
Laundry services	-	15,441	(15,441)
Repairs and maintenance	7,000	54,767	(47,767)
Legal services	-	33,000	(33,000)
Other contractual services	140,000	41,946	98,054
Total contractual services	\$ 163,200	\$ 161,780	\$ 1,420
<b>Other charges:</b>			
Utilities	\$ 60,000	\$ 93,649	\$ (33,649)
Postage	1,000	1,039	(39)
Telecommunications	12,500	9,019	3,481
Insurance	45,000	37,852	7,148
Travel and training	3,500	4,168	(668)
Contingency	12,500	13,378	(878)
Total other charges	\$ 134,500	\$ 159,105	\$ (24,605)

Schedule of Expenses - Budget and Actual  
For the Year Ended June 30, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Expenses: (Continued)			
Materials and supplies:			
Office supplies	\$ 7,500	\$ 8,221	\$ (721)
Food and kitchen supplies	95,000	124,279	(29,279)
Personal hygiene supplies	5,000	3,868	1,132
Medical supplies	3,500	3,891	(391)
Laundry, house, janitorial supplies	10,500	13,865	(3,365)
Recreational supplies	2,100	1,802	298
Building and grounds maintenance	27,000	30,529	(3,529)
Automobile maintenance supplies	6,700	5,773	927
Inmate clothing and supplies	3,000	2,646	354
Total materials and supplies	\$ 160,300	\$ 194,874	\$ (34,574)
Capital outlay:			
Equipment	\$ 20,000	\$ 49,607	\$ (29,607)
Food service equipment	11,000	-	11,000
Capital improvements	50,000	3,215	46,785
Total capital outlay	\$ 81,000	\$ 52,822	\$ 28,178
Depreciation:			
Depreciation	\$ -	\$ 70,387	\$ (70,387)
Total Operating Expenses	\$ 2,615,104	\$ 2,521,630	\$ 93,474
Total Expenses	\$ 2,615,104	\$ 2,521,630	\$ 93,474

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*COMPLIANCE SECTION*

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**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***

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**TO THE COMMISSION MEMBERS OF  
CRATER YOUTH CARE COMMISSION  
DISPUTANTA, 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 Crater Youth Care Commission as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Crater Youth Care Commission's basic financial statements and have issued our report thereon dated December 12, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Crater Youth Care Commission'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 Crater Youth Care Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Crater Youth Care Commission'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 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 Crater Youth Care Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

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

*Robinson, Farmer, Cox Associates*

Richmond, Virginia  
December 12, 2025