



**New River Valley
Emergency
Communications
Regional Authority
Financial Report**

June 30, 2025

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

June 30, 2025

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INTRODUCTORY SECTION

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

**DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2025**

BOARD OF DIRECTORS

Marc A. Verniel, Blacksburg Town Manager – Chair
Randall S. Wingfield, Christiansburg Town Manager – Vice Chair
Angela M. Hill, Montgomery County Administrator – Secretary/Treasurer
Michael J. Mulhare, Virginia Tech Interim Associate Vice President for Public Safety
Kevin L. Foust, Joint Board Member

KEY EMPLOYEE

Jason S. Milburn, Executive Director

INDEPENDENT AUDITOR

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

FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Members of the New River Valley
Emergency Communications
Regional Authority
Christiansburg, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the New River Valley Emergency Communications Regional Authority (the "Authority") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Authority, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to

continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted management's discussion and analysis, the deferred benefit pension plan schedules required by Governmental Accounting Standards Board (GASB) 68, and other postemployment benefit schedules required by GASB 75 that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 18, 2025

BASIC FINANCIAL STATEMENTS

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

**GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET POSITION
June 30, 2025**

	<u>Governmental Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
ASSETS			
Cash (Note 3)	\$ 4,608,372	\$ -	\$ 4,608,372
Due from fiscal agent (Note 9)	37,456	-	37,456
Due from other governments	1,078,278	-	1,078,278
Prepays	-	124,653	124,653
Net pension asset (Note 5)	-	316,272	316,272
Capital assets (Note 4)			
Non-depreciable	-	2,386,998	2,386,998
Depreciable, net	-	1,731,368	1,731,368
Intangible, right-to-use, net	-	1,076,435	1,076,435
Intangible, subscription right-to-use, net	-	31,742	31,742
Total assets	<u>5,724,106</u>		<u>11,391,574</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 5)	-	114,916	114,916
Deferred outflows related to other postemployment benefits (Note 6)	-	30,673	30,673
Total deferred outflows of resources	<u>-</u>		<u>145,589</u>
LIABILITIES			
Accounts payable	136,345	-	136,345
Accrued payroll and related liabilities (Note 10)			
Due within one year	126,226	126,683	252,909
Due in more than one year	-	295,593	295,593
Accrued interest	-	1,232	1,232
Due to fiscal agent (Note 9)	6,195	-	6,195
Deferred revenue	2,373,771	-	2,373,771
Net other postemployment benefit liability (Note 6)	-	88,827	88,827
Long-term liabilities (Notes 11 and 12)			
Due within one year	-	264,716	264,716
Due in more than one year	-	1,037,367	1,037,367
Total liabilities	<u>2,642,537</u>		<u>4,456,955</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Note 5)	-	37,282	37,282
Deferred inflows related to other postemployment benefits (Note 6)	-	25,225	25,225
Total deferred inflows of resources	<u>-</u>		<u>62,507</u>
FUND BALANCE/NET POSITION			
Fund balance			
Committed	18,041,052	(18,041,052)	-
Unassigned	(14,959,483)	14,959,483	-
Total fund balance	<u>3,081,569</u>		
Total liabilities, deferred inflows of resources, and fund balance/net position	<u>\$ 5,724,106</u>		<u>4,519,462</u>
Net position			
Net investment in capital assets		1,537,462	1,537,462
Unrestricted		5,480,239	5,480,239
Total net position			<u>\$ 7,017,701</u>

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

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

**STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE/
STATEMENT OF ACTIVITIES
Period Ended June 30, 2025**

	<u>Governmental Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Revenues:			
Revenue from the use of money	\$ 147,944	\$ -	\$ 147,944
Recovered costs	86,842	-	86,842
Intergovernmental:			
State grants	154,421	-	154,421
Allocations from government members	6,583,388	-	6,583,388
Allocations from the state	<u>392,337</u>	-	<u>392,337</u>
Total revenues	<u>7,364,932</u>		<u>7,364,932</u>
Expenditures/expenses:			
Current:			
Salaries and wages	2,644,090	-	2,644,090
Fringe benefits	651,043	58,877	709,920
Professional services (Note 9)	209,202	(3)	209,199
Support services	10,136	-	10,136
Maintenance services	498,464	(50,950)	447,514
Facility utilities	27,104	-	27,104
Telephone	212,535	-	212,535
Software	2,106	-	2,106
Office supplies	22,268	-	22,268
Office equipment	52,621	-	52,621
Insurance	9,793	-	9,793
Professional development	36,377	17,010	53,387
Travel and meals	4,995	-	4,995
Dues	3,426	-	3,426
Uniforms	5,378	-	5,378
Advertising	188	-	188
Interest	56,587	(1,214)	55,373
Capital outlay	2,439,577	(2,439,577)	-
Amortization	-	187,846	187,846
Depreciation	<u>-</u>	513,888	<u>513,888</u>
Total expenditures/expenses	<u>6,885,890</u>		<u>5,171,767</u>
Revenues over expenditures/expenses	<u>479,042</u>		<u>2,193,165</u>
Other financing:			
Payment of subscriptions	(29,002)	29,002	-
Payment of operating lease	(133,896)	133,896	-
Payment of financing lease	<u>(109,658)</u>	109,658	<u>-</u>
Total other financing uses	<u>(272,556)</u>		<u>-</u>
Capital contributions	<u>-</u>		<u>-</u>
Net change in fund balance	206,486		
Change in net position			2,193,165
Fund balance/net position			
Beginning of the year, fund balance	2,875,083		
Beginning of the year, net position, as previously stated			4,897,798
Restatement			<u>(73,262)</u>
Beginning of the year, net position, restated (Note 14)	<u>-</u>		<u>4,824,536</u>
End of the year	<u>\$ 3,081,569</u>		<u>\$ 7,017,701</u>

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

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

The New River Valley Emergency Communications Regional Authority (the “Authority”) is a regional partnership of the County of Montgomery, the Towns of Blacksburg and Christiansburg, and Virginia Tech. The Authority will provide quality and reliable 911 dispatch and emergency communication services to the community and agencies in these localities.

These financial statements present the Authority as the primary government. A component unit is an entity for which the primary government is considered to be financially accountable. The Authority has no component units and no related or jointly governed organizations.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The statement of net position and statement of activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financials are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when all eligibility requirements are met. Revenues from general-purpose grants are recognized in the period to which the grant applies. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Authority’s major governmental fund is the *general fund*, which accounts for all revenues and expenditures applicable to the general operations of the Authority.

C. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as committed fund balance since they do not constitute expenditures or liabilities.

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

D. Capital Assets

Capital assets, which include property, plant, equipment, and right-to-use lease and subscription assets, are reported on the government-wide financial statements. Capital assets are defined as items with an initial individual cost of more than \$5,000 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 fair market value at the date of donation. The leases and subscription sections of this note provide additional information about right-to-use lease and subscription assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

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

Machinery and equipment are depreciated using the straight-line method over 5 – 20 years.

Right-to-use lease and subscription assets are amortized as described in the leases and subscriptions sections of this note.

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. These items represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows of resources. These items represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

F. Pensions and Other Post Employment Benefits (OPEB)

For purposes of measuring all financial statement elements related to pension and OPEB plans, information about the fiduciary net position of the Authority's Plans and the additions to/deductions from the Authority's Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

G. Fund Balance/Net Position

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the Authority is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – Amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – Amounts constrained to specific purposes by the Authority Board of Directors; to be reported as committed, amounts cannot be used for any other purposes unless the Board of Directors takes action to remove or change the constraint. For 2025, committed fund balance includes outstanding encumbrances of \$18,041,052.

Assigned – Amounts the Authority intends to use for a specified purpose; intent can be expressed by the governing body or by the Executive Director who has been designated this authority.

Unassigned – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

Net position is classified as net investment in capital assets; restricted and unrestricted. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

H. Estimates

Management uses estimates and assumptions in preparing its financial statements. Actual results could differ from those estimates.

I. Compensated absences

The Authority has a policy which allows for the accumulation and vesting of limited amounts of leave until termination or retirement. The government-wide financial statements include an accrual for leave attributable to services already rendered that accumulates and is more likely than not to be used for time off or otherwise settled in the future.

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

J. Leases

Leases (Lessee) – The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset).

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured initially as the amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, but if the lease contains a purchase option the Authority is reasonably certain to exercise, the lease asset is amortized over the useful life of the underlying asset. In that circumstance, if the underlying asset is nondepreciable, the lease asset is not amortized.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for equipment leases, building, and infrastructure leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

K. Subscription-Based Information Technology Arrangements

Subscriptions – The Authority recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset).

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 1. Summary of Significant Accounting Policies (Continued)

K. Subscription-Based Information Technology Arrangements (Continued)

At the commencement of a subscription, the Authority initially measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is measured initially as the amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain capitalizable implementation costs, less any incentives received from the subscription vendor at or before the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term.

Key estimates and judgments related to subscriptions include how the Authority determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The Authority uses the interest rate charged by the subscription vendor as the discount rate. When the interest rate charged by the subscription vendor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the period during which the Authority has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend, if it is reasonably certain that the Authority or subscription vendor will exercise that option, or to terminate, if it is reasonably certain that the government or subscription vendor will not exercise that option.

The Authority monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

L. Change in Accounting Principle

In 2025, the Authority adopted GASB Statement No. 101, *Compensated Absences*, which established new guidance on the recognition and measurement of compensated absences. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than to be used for time off or otherwise paid in cash or settled through noncash means. As stated in GASB Statement 100, *Accounting Changes and Error Corrections*, a change in accounting principle should be reported retroactively by restating new position for the cumulative effect of the change of the newly adopted accounting principle on prior periods. The Authority determined the cumulative effect was significant enough for a restatement of beginning net position documented in Note 14.

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 2. Reconciliation of Financial Statements

A. Reconciliation between Fund Balance and Net Position

Fund balance of governmental fund	\$	3,081,569
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		4,118,366
Right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,108,177
Certain amounts are recognized as expenditures when paid in the fund statements, but are capitalized and recorded in future periods for governmental activities.		124,653
Financial statement elements related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to:		
Pensions		114,916
Other postemployment benefits		30,673
Deferred inflows related to:		
Pensions		(37,282)
Other postemployment benefits		(25,225)
Net pension asset		316,272
Net other postemployment benefit liability		(88,827)
Certain liabilities are not payable from current financial resources and, therefore, are not reported in the funds.		<u>(1,725,591)</u>
Net position of governmental activities	\$	<u><u>7,017,701</u></u>

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 2. Reconciliation of Financial Statements (Continued)

B. Reconciliation between the Change in Fund Balance and the Change in Net Position

Change in fund balance	\$	206,486
Amounts reported for governmental activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. That is the amount by which capital outlay (\$2,439,577) is more than depreciation (\$513,888) and amortization (\$187,846) in the current period.		1,737,843
Compensated absences of the employees are accrued when incurred in the statement of activities while they are only reported in the fund activity statement when due and payable.		(43,942)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense or revenue:		
Employer pension contributions		(58,386)
Pension expense		35,509
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned net of employee contributions is reported as other postemployment benefit expense:		
Employer other postemployment benefit contributions		(9,836)
Other postemployment benefit expense		17,778
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		33,943
Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due.		1,214

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 2. Reconciliation of Financial Statements (Continued)

B. Reconciliation between the Change in Fund Balance and the Change in Net Position (Continued)

Financing lease payments are recorded as a reduction to the liability in the statement of activities; however, they are reported in the fund activity as other financing use.	\$ 109,658
Operating lease payments are recorded as a reduction to the liability in the statement of activities; however, they are reported in the fund activity as other financing use.	133,896
Subscription payments are recorded as a reduction to the liability in the statement of activities; however, they are reported in the fund activity as other financing use.	<u>29,002</u>
Change in net position	<u><u>\$ 2,193,165</u></u>

Note 3. Cash

All cash of the Authority is maintained in accounts held by its fiscal agent, Montgomery County. 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 amount from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 4. Capital Assets

The following summarizes the components of and changes in capital assets:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Construction in progress	\$ 89,595	\$ 2,297,403	\$ -	\$ 2,386,998
Total capital assets, not depreciated	89,595	2,297,403	-	2,386,998
Capital assets, being depreciated				
Machinery and equipment	5,033,263	142,174	-	5,175,437
Total capital assets, being depreciated	5,033,263	142,174	-	5,175,437
Less accumulated depreciation				
Machinery and equipment	2,930,181	513,888	-	3,444,069
Total accumulated depreciation	2,930,181	513,888	-	3,444,069
Total capital assets being depreciated, net	2,103,082	(371,714)	-	1,731,368
Intangible right-to-use assets:				
Leased buildings	1,670,333	-	-	1,670,333
Total intangible right-to-use, leases	1,670,333	-	-	1,670,333
Less accumulated amortization				
Leased buildings	445,424	148,474	-	593,898
Total accumulated amortization, leases	445,424	148,474	-	593,898
Total intangible right-to-use, leases, net	1,224,909	(148,474)	-	1,076,435
Intangible right-to-use assets:				
Software	147,416	-	(74,165)	73,251
Total intangible right-to-use, subscriptions	147,416	-	(74,165)	73,251
Less accumulated amortization				
Software	76,302	39,372	(74,165)	41,509
Total accumulated amortization,	76,302	39,372	(74,165)	41,509
Total intangible right-to-use, subscriptions, net	71,114	(39,372)	-	31,742
Total capital assets, net	<u>\$ 3,488,700</u>	<u>\$ 1,737,843</u>	<u>\$ -</u>	<u>\$ 5,226,543</u>

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 4. Capital Assets (Continued)

Intangible Right-to-Use Assets

Intangible right-to-use assets are being amortized over the lease/subscription term for each lease/subscription. Terms of the leases are described in Note 11 and terms of the subscriptions are described in Note 12.

Note 5. Defined Benefit Pension Plan

Plan Description

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

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

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	3
Inactive members:	
Vested inactive members	5
Non-vested inactive members	26
Inactive members active elsewhere in VRS	28
Total inactive members	62
Active members	39
Total covered employees	101

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**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 5. Defined Benefit Pension Plan (Continued)

Contributions

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

The Political Subdivision's contractually required contribution rate for the year ended June 30, 2025 was 2.79% 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 liability. Contributions to the pension plan from the Political Subdivision were \$58,386 and \$68,230 for the years ended June 30, 2025 and 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$9,232 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 \$8,967 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$899,059 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. The Political Subdivision's net pension asset was measured as of June 30, 2024. The total pension asset 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

The total pension asset for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

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**NEW RIVER VALLEY
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NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 5. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table and a Modified MP-2020 Improvement Scale with various setbacks or set forwards for both males and females.

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 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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>Target 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 Partnership	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 %

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 5. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return (Continued)

- * The above allocation provides for a one-year 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 rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability 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 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 rate. 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.

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**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 5. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Asset (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) – (b)
Balances at June 30, 2023	\$ 1,021,963	\$ 1,377,732	\$ (355,769)
Changes for the year:			
Service cost	168,052	-	168,052
Interest	79,341	-	79,341
Differences between expected and actual experience	83,846	-	83,846
Contributions – employer	-	58,910	(58,910)
Contributions – employee	-	92,855	(92,855)
Net investment income	-	140,600	(140,600)
Benefit payments, including refunds of employee contributions	(29,186)	(29,186)	-
Administrative expenses	-	(663)	663
Other changes	-	40	(40)
Net changes	302,053	262,556	39,497
Balances at June 30, 2024	\$ 1,324,016	\$ 1,640,288	\$ (316,272)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political Subdivision's net pension asset	\$ (50,542)	\$ (316,272)	\$ (510,506)

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 5. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2025, the Political Subdivision recognized pension expense of \$71,943. At June 30, 2025, the Political Subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,530	\$ 1,932
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	35,350
Employer contributions subsequent to the measurement date	58,386	-
Total	\$ 114,916	\$ 37,282

The \$58,386 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Effect on Pension Expense
2026	\$ 342
2027	34,480
2028	(6,875)
2029	(8,699)
2030	-
Thereafter	-

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**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 5. Defined Benefit Pension Plan (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2024 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 6. Other Postemployment Benefits Liability – Virginia Retirement System Plans

In addition to their participation in the pension plans offered through the Virginia Retirement System (VRS), the Authority also participates in a cost-sharing, multi-employer other postemployment benefit plan, described as follows.

Plan Descriptions

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

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

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**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 6. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Contributions

Contributions to the VRS OPEB programs were based on actuarially determined rates from actuarial valuations as of June 30, 2023. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB programs are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.18% of covered employee compensation. Rate allocated 60/40; 0.71% employee and 0.47% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2025 Contribution	\$ 9,836
June 30, 2024 Contribution	\$ 11,035

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

The net OPEB liabilities were measured as of June 30, 2024 and the total OPEB liabilities used to calculate the net OPEB liabilities 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 OPEB liabilities, were based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2025 proportionate share of liability	\$ 88,827
June 30, 2024 proportion	.00796%
June 30, 2023 proportion	.00821%
June 30, 2025 expense	\$ 1,894

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

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**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 6. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

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

At June 30, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,010	\$ 2,170
Change in assumptions	506	4,402
Net difference between projected and actual earnings on OPEB plan investments	-	7,487
Changes in proportion	6,321	11,166
Employer contributions subsequent to the measurement date	9,836	-
Total	\$ 30,673	\$ 25,225

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in the future reporting periods as follows:

Group Life Insurance Program

Year Ended June 30,	Increase (Decrease) to OPEB Expense
2026	\$ (4,103)
2027	1,192
2028	(2,971)
2029	569
2030	925
Thereafter	-

(Continued)

**NEW RIVER VALLEY
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**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 6. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2023, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024:

Inflation	2.50%
Salary increases, including inflation:	
• Locality- general employees	3.50 – 5.35%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.25%
• Ages 65 and older	6.50 – 4.25%
Investment rate of return, net of expenses, including inflation	6.75%

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 5.

Net OPEB Liabilities

The net OPEB liabilities represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, net OPEB liability amounts for the various VRS OPEB programs are as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB liability	\$ 4,196,055
Plan fiduciary net position	\$ 3,080,133
Employers’ net OPEB liability (asset)	\$ 1,115,922
Plan fiduciary net position as a percentage of total OPEB liability	73.41%

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

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 6. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

Long-Term Expected Rate of Return

Group Life Insurance Program

The long-term expected rate of return on VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in Note 5.

Discount Rate

The discount rate used to measure the GLI liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2024 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
	<u> </u>	<u> </u>	<u> </u>
GLI Net OPEB liability	\$ 138,138	\$ 88,827	\$ 48,991

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 6. Other Postemployment Benefits Liability – Virginia Retirement System Plans (Continued)

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan 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 7. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Authority participates with other localities in a public entity risk pool for their coverage of general liability and auto insurance with the Virginia Municipal League Insurance Programs. Each member of this risk pool jointly and severally agrees to assume, pay, and discharge any liability. The Authority pays the Virginia Municipal League Insurance Programs contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims, and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Authority continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage and there have not been any significant reductions in insurance coverage over the previous year.

Note 8. Contingencies

Grant Programs

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, would not be material to the financial position of the Authority.

Note 9. Related-Party Transactions

Montgomery County (the “County”) acts as fiscal agent for the Authority. The County serves as paymaster and performs other financial services for the Authority including billing customers, paying invoices, maintaining, and reconciling the general ledger. The County also provides human resource services. The County bills the Authority for financial services based on actual time incurred and human resource services based on a percentage of employees. The cost of these services for the year, \$42,409, is included in professional services.

At year end, the Authority has a balance of \$6,195 due to the County for financial services provided as well as operating expenses paid on the Authority’s behalf. At year end, the Authority has a balance of \$37,456 due from the County for monthly insurance premiums paid in advance.

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**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 10. Compensated Absences

The Authority’s employees are granted a specified amount of leave with pay each year. The government-wide financial statements include an accrual for leave attributable to services already rendered that accumulates and is more likely than not to be used for time off or otherwise settled in the future. A liability is reported in the governmental funds only when the amounts become due and payable. Compensated absences are included in accrued payroll and related liabilities on the statement of net position. The compensated absences balance at June 30, 2025 was \$422,276. Of this amount, \$126,683 is considered current.

Note 11. Leases

Equipment Lease

During fiscal year 2021, the Authority acquired \$586,000 of equipment under a finance lease with an interest rate of 1.19% and a maturity date of July 26, 2025.

Annual requirements to amortize the finance lease were as follows:

	Principal	Interest
2026	\$ 109,658	\$ 1,305
Total	\$ 109,658	\$ 1,305

Building Lease

On October 1, 2015, the Authority entered into a lease agreement with Montgomery County for approximately 10,140 square feet of space in the County’s Public Safety Building. An initial lease liability was recorded in the amount of \$1,670,333. As of June 30, 2025, the value of the lease liability is \$1,161,371. The lease began on October 1, 2015 and ends September 30, 2032. The Authority is required to make fixed monthly payments of \$15,540 due on the first of each month. The lease has an interest rate of 4.26%. The value of the right-to-use asset as of year-end of \$1,076,435, net of amortization expense, is included with Buildings on the Lease Class activities table found below.

The County invoices the Authority on a monthly basis for its proportionate share of the operating costs of the building, including but not limited to electricity, water, sewer, phone, internet, maintenance contracts for HVAC, elevator, sprinklers, fire alarm, and generator, and the housekeeping janitorial services. The Authority’s proportionate share is 17.36%, which is the percentage of rented space to the total square feet of the Public Safety Building. At year end, the Authority has a balance of \$3,133 due to the County for operating costs.

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 11. Leases (Continued)

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-End		
	Lease Asset Value	Accumulated Amortization	Lease Asset, net
Buildings	\$ 1,670,333	\$ 593,898	\$ 1,076,435
Total leases	\$ 1,670,333	\$ 593,898	\$ 1,076,435

Principal and Interest Requirements to Maturity

Year Ended June 30	Governmental Activities		Total Payments
	Principal	Interest	
2026	\$ 139,713	\$ 46,767	\$ 186,480
2027	145,782	40,698	186,480
2028	152,115	34,365	186,480
2029	158,723	27,757	186,480
2030	165,618	20,862	186,480
2031-2033	399,420	20,156	419,576
	\$ 1,161,371	\$ 190,605	\$ 1,351,976

Note 12. Subscriptions

For the year ending June 30, 2025, the Authority had 3 active subscriptions. The subscriptions have payments that range from \$0 to \$15,516 and interest rates that range from 2.1840% to 2.3657%. As of June 30, 2025, the total combined value of the subscription liability is \$31,054. The combined value of the right to use asset, as of June 30, 2025 of \$73,251 with accumulated amortization of \$41,509 is included within the Subscription Class activities table found below.

Amount of Subscription Assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-End		
	Subscription Asset Value	Accumulated Amortization	Subscription Asset, net
Software	\$ 73,251	\$ 41,509	\$ 31,742
Total subscriptions	\$ 73,251	\$ 41,509	\$ 31,742

(Continued)

**NEW RIVER VALLEY
EMERGENCY COMMUNICATIONS REGIONAL AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 12. Subscriptions (Continued)

Subscription Liability – Principal and Interest Requirements to Maturity

Year Ended June 30	Governmental Activities		Total Payments
	Principal	Interest	
2026	\$ 15,345	\$ 735	\$ 16,080
2027	15,709	372	16,081
	<u>\$ 31,054</u>	<u>\$ 1,107</u>	<u>\$ 32,161</u>

Note 13. Subsequent Events

On August 5, 2025, the Authority closed on its \$6,710,000 Series 2025 VRA Financing via the Virginia Resource Authority’s Summer Pooled Finance Program with an interest rate of 4.13%. The proceeds will be used by the Authority to finance a portion of Blacksburg and Christiansburg’s allocable ration system project costs.

Note 14. Adoption of New Standard

The following is the restatement of beginning net position related to the adoption of GASB Statement No. 101, *Compensated Absences*, during the year. Additional information about the change in this accounting principle is further discussed in Note 1.

Net position July 1, 2024, as previously reported	\$ 4,897,798
Change in compensated absences	<u>(73,262)</u>
Net position July 1, 2024, as restated	<u>\$ 4,824,536</u>

Note 15. New Accounting Standards

In April 2024, the GASB issued **Statement No. 103**, Financial Reporting Model Improvements. This statement 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 as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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

COMPLIANCE SECTION

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

To the Honorable Members of the New River Valley
Emergency Communications Regional Authority
Christiansburg, 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, the governmental activities and the major fund of the New River Valley Emergency Communications Regional Authority (the “Authority”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated December 18, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 18, 2025

New River Valley
Emergency Communications Regional Authority
Summary of Compliance Matters
June 30, 2025

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

State Compliance Matters

Code of Virginia:

- Cash and Investment Laws
- Conflicts of Interest Act
- Local Retirement Systems
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act