

**Central Shenandoah Criminal Justice Training Academy**

**Financial Statements**

**For the Year Ended June 30, 2024**

**Central Shenandoah Criminal Justice Training Academy  
Weyers Cave, Virginia**

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## **Financial Section**



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**INDEPENDENT AUDITORS' REPORT**

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**To the Members**  
**Central Shenandoah Criminal Justice Training Academy**  
**Weyers Cave, Virginia**

**Report on Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of the business-type activities of Central Shenandoah Criminal Justice Training Academy, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Central Shenandoah Criminal Justice Training Academy, as of June 30, 2024, 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 Central Shenandoah Criminal Justice Training Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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.

## ***Responsibilities of Management for the Financial Statements (Continued)***

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Shenandoah Criminal Justice Training Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024, on our consideration of Central Shenandoah Criminal Justice Training Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Shenandoah Criminal Justice Training Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Shenandoah Criminal Justice Training Academy's internal control over financial reporting and compliance.

*Robinson Faren Cox Associates*  
Charlottesville, Virginia  
September 25, 2024

**- Basic Financial Statements -**

**Central Shenandoah Criminal Justice Training Academy**  
**Statement of Net Position**  
**June 30, 2024**

<b>Assets</b>	
Current Assets	
Cash	\$ 977,083
Accounts receivable	1,456
Prepaid items	14,071
Total Current Assets	<u>\$ 992,610</u>
Noncurrent Assets	
Net pension asset	<u>\$ 95,579</u>
Capital Assets	
Buildings and improvements	\$ 7,958,868
Equipment	733,006
Lease equipment	19,799
Subscription asset	42,314
Vehicles	126,892
Land and site development	732,162
Land improvements	533,290
Software	1,781
Total Capital Assets, Cost	<u>\$ 10,148,112</u>
Accumulated depreciation/amortization	<u>(5,170,131)</u>
Net Capital Assets	<u>\$ 4,977,981</u>
Total Noncurrent Assets	<u>\$ 5,073,560</u>
Total Assets	<u>\$ 6,066,170</u>
<b>Deferred Outflows of Resources</b>	
Pension related items	\$ 39,713
OPEB related items	6,544
Total Deferred Outflows of Resources	<u>\$ 46,257</u>
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	\$ 29,456
Accrued wages and payroll liabilities	16,408
Compensated absences	16,551
Accrued interest	23,529
Bonds payable, current portion	298,000
Lease liability, current portion	3,986
Subscription liability, current portion	22,969
Unearned revenue	410,400
Total Current Liabilities	<u>\$ 821,299</u>
Long-Term Liabilities	
Bonds payable, less current portion	\$ 1,763,000
Lease liability, less current portion	7,269
Net OPEB liability	22,547
Total Long-Term Liabilities	<u>\$ 1,792,816</u>
Total Liabilities	<u>\$ 2,614,115</u>
<b>Deferred Inflows of Resources</b>	
Pension related items	\$ 13,461
OPEB related items	4,921
Total Deferred Inflows of Resources	<u>\$ 18,382</u>
<b>Net Position</b>	
Net investment in capital assets	\$ 2,882,757
Restricted for net pension asset	95,579
Unrestricted	501,594
Total Net Position	<u>\$ 3,479,930</u>

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



**Central Shenandoah Criminal Justice Training Academy**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2024**

<b>Operating Revenues</b>	
Member agency contributions	\$ 1,366,500
Tuition, dorms, and other income	22,892
State special fee funds	273,755
Miscellaneous income	191
Total Operating Revenues	<u>\$ 1,663,338</u>
<b>Operating Expenses</b>	
Salaries	\$ 562,245
Payroll taxes	42,316
Employee benefits	160,868
General operations	213,191
Building and ground expenses	78,733
Office/General administration expenses	74
Insurance	25,347
Travel and staff training	67,965
Dues and membership	2,029
Supplies	54,083
ARPA grant expenses	361
Byrne grant expenses	57,351
Replacement costs	356
Depreciation	332,450
Total Operating Expenses	<u>\$ 1,597,369</u>
Operating Income (Loss)	<u>\$ 65,969</u>
<b>Nonoperating Revenues (Expenses)</b>	
Investment income, net of fees	\$ 17,774
Grant income	57,801
Fundraising activity	(309)
Gain (loss) on disposal of assets	(6,623)
Interest expense and fiscal charges	(62,106)
Total Nonoperating Revenues (Expenses)	<u>\$ 6,537</u>
Income (Loss) Before Capital Contributions	<u>\$ 72,506</u>
Capital Contributions	<u>\$ 39,917</u>
Change in Net Position	\$ 112,423
Total Net Position - Beginning of Year	<u>3,367,507</u>
Total Net Position - End of Year	<u><u>\$ 3,479,930</u></u>

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

**Central Shenandoah Criminal Justice Training Academy**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

<b>Cash Flows from Operating Activities</b>	
Receipts from member agencies	\$ 1,543,324
State special fee funds	273,755
Other receipts	23,083
Payments to suppliers	(502,615)
Payments to and for employees	(762,390)
Net cash provided by operating activities	<u>\$ 575,157</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Grants	\$ 57,801
Fundraising activity	(309)
Net cash provided by noncapital financing activities	<u>\$ 57,492</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of property and equipment	(75,880)
Capital contributions	24,817
Proceeds from sale of assets	933
Principal paid on bonds	(291,000)
Principal paid on lease and subscription	(23,214)
Interest and fees paid	(65,426)
Net cash used for capital and related financing activities	<u>\$ (429,770)</u>
<b>Cash Flows From Investing Activities</b>	
Interest earned, net of fees	<u>\$ 17,774</u>
Net cash provided by investing activities	<u>\$ 17,774</u>
Net Increase (Decrease) in Cash	\$ 220,653
Cash - Beginning of Year	<u>756,430</u>
Cash - End of Year	<u><u>\$ 977,083</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 65,969
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	332,450
Changes in:	
Accounts receivable	(1,076)
Prepaid items	(2,279)
Net pension asset	10,235
Deferred outflows - pension related	(9,912)
Deferred outflows - OPEB related	4,205
Accounts payable	(846)
Accrued wages and payroll liabilities	5,334
Compensated absences	1,739
Unearned revenue	177,900
Net OPEB liability	(1,174)
Deferred inflows - pension related	(6,556)
Deferred inflows - OPEB related	(832)
Net cash provided by operating activities	<u><u>\$ 575,157</u></u>
<b>Noncash Investing, Capital, and Financing Activities</b>	
Subscription asset	\$ 42,314
Donation of vehicles from other entities	\$ 15,100

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

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements**  
**June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Nature of Business**

The Central Shenandoah Criminal Justice Training Academy (the Academy) is organized as a law enforcement training academy located in Weyers Cave, Virginia. It serves the Central Shenandoah region of Virginia. Its activities include the administration of state grants and the provision of training and related services.

**B. Financial Reporting Entity**

The Academy was created under the provisions of Chapter 17, Article V, Title 15.2 of the Code of Virginia of 1950, as amended (the "Code"), by the respective governing bodies of the several localities or other public bodies located in the 5<sup>th</sup>, 6<sup>th</sup>, 9<sup>th</sup>, and 10<sup>th</sup> Planning Districts, in order, among other things, to conduct criminal justice education and training for criminal justice personnel, including law enforcement officers and special police officers appointed under the Code. The Board of Directors has oversight responsibility and is accountable for all significant fiscal matters and management including budget approval, setting rates, asset ownership and contract negotiations. Accordingly, the Academy is an independent reporting entity.

The Academy created the Central Shenandoah Criminal Justice Training Academy Foundation for the purpose of raising funds to support the Academy. The Foundation is a 501(c)(3) corporation. The Foundation is considered a blended component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations, and so data from these units are combined with data of the primary government. The Academy's financial statements include \$4,086 in cash, \$20 in payables, \$854 in expenses, \$0 in contributions and fundraising activity, and unrestricted net position of \$4,065 related to the Foundation.

**C. Basis of Presentation and Accounting**

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

**D. Allowance For Bad Debts**

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

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**E. Prepaid Items**

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

**F. Capital Assets**

Property, equipment, and intangibles purchased or acquired with an original cost of \$1,000 or more with a useful life of more than two years are reported at cost and include assets acquired by grants and noncash donations. Donated assets are reported at acquisition value.

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

Buildings and improvements	10 - 40 years
Equipment	3 - 10 years
Lease equipment	5 years
Vehicles	5 - 7 years
Land improvements	5 - 10 years
Software	3 years
Subscription asset	2 years

**G. Revenue and Expense Classification**

Member agency contributions and fees collected for student services are recorded as operating revenues. All expenses, with the exception of interest expense, relate to the ongoing operations of the Academy and therefore are recorded as operating expenses. State grants received are recorded as operating income, and may be used for operations or capital acquisitions, at the discretion of the Academy.

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

**H. Cash Equivalents**

For purposes of the statement of cash flows, the Academy considers demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**I. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates, which are elements of these financial statements, include useful lives for tangible and intangible property. Actual results could differ from those estimates.

**J. Pension**

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

**K. Other Postemployment Benefits (OPEB) – Group Life Insurance**

For purposes of measuring the net VRS related OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plan and the additions to/deductions from the VRS 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.

**L. Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy has one 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.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy has one 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.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**M. Net Position**

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

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

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

**2. DEPOSITS AND INVESTMENTS:**

**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.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**2. DEPOSITS AND INVESTMENTS: (CONTINUED)**

**Investments**

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

**Custodial Credit Risk (Investments)**

The Academy's investments at June 30, 2024 were held in the Academy's name by the Academy's custodial bank.

**Credit Risk of Debt Securities**

The Academy has no formal investment policy.

The Academy's rated debt investments as of June 30, 2024 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

<u>Rated Debt Investments</u>	<u>Ratings</u>
	<u>AAAF</u>
Local Government Investment Pool EM	\$ 586,976

**Interest Rate Risk**

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

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Value</u>	<u>Less Than 1 Year</u>
Local Government Investment Pool EM	\$ 586,976	\$ 586,976

**External Investment Pool**

The fair value of the positions in the external investment pool (Local Government Investment Pool Extended Maturity - (LGIP EM)) 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. As LGIP EM is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. The Academy has measured fair value of the LGIP EM at the net asset value (NAV). LGIP EM withdrawals can be made each Wednesday with requests provided to the Virginia State Treasury at least 5 business days in advance. The investment manager may limit LGIP EM withdrawals to ten percent of the portfolio's value on any single transaction date.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

**2. DEPOSITS AND INVESTMENTS: (CONTINUED)**

**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 Academy categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Academy maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Academy has the following recurring fair value measurements as of June 30, 2024:

Investment	6/30/2024	Fair Value Measurement Using				Investments Measured at NAV
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Local Government Investment Pool EM	\$ 586,976	\$ -	\$ -	\$ -		586,976

**3. ECONOMIC DEPENDENCY:**

The Academy received an annual grant worth \$273,755 from the Commonwealth of Virginia, Department of Criminal Justice Services. Local agencies provide additional operating revenue in the form of fees for individual officers served, which totaled \$1,366,500 for the fiscal year ended June 30, 2024. The Academy is economically dependent upon this funding received through grants and localities.



**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

**4. UNEARNED REVENUE:**

Unearned revenue of \$410,400 consists of members who paid their member agency contributions for the fiscal year 2023-2024 on or before June 30, 2024.

**5. RISK MANAGEMENT:**

The Academy is covered by commercial insurance for losses or claims pertaining to health, workers' compensation, property and liability, and automobile. There have been no significant reductions in insurance coverage, and settlements have not exceeded insurance coverage for each of the past three fiscal years.

**6. CAPITAL ASSET SUMMARY:**

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

	<b>Balance 7/1/2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/2024</b>
Capital assets not being depreciated:				
Land and site development	\$ 732,162	\$ -	\$ -	\$ 732,162
Total capital assets not being depreciated	\$ 732,162	\$ -	\$ -	\$ 732,162
Capital assets being depreciated:				
Buildings and improvements	\$ 7,971,985	\$ -	\$ 13,117	\$ 7,958,868
Land improvements	533,290	-	-	533,290
Equipment	698,638	75,880	41,512	733,006
Lease equipment	19,799	-	-	19,799
Subscription asset	-	42,314	-	42,314
Vehicles	123,811	15,100	12,019	126,892
Software	4,585	-	2,804	1,781
Total capital assets being depreciated	\$ 9,352,108	\$ 133,294	\$ 69,452	\$ 9,415,950
Accumulated depreciation:				
Buildings and improvements	\$ 4,274,499	\$ 197,733	\$ 13,117	\$ 4,459,115
Land improvements	228,794	35,553	-	264,347
Equipment	293,707	62,203	40,806	315,104
Lease equipment	4,950	3,960	-	8,910
Subscription asset	-	21,157	-	21,157
Vehicles	93,041	11,844	5,168	99,717
Software	4,585	-	2,804	1,781
Total accumulated depreciation	\$ 4,899,576	\$ 332,450	\$ 61,895	\$ 5,170,131
Other capital assets, net	\$ 4,452,532	\$ (199,156)	\$ 7,557	\$ 4,245,819
<b>Net capital assets</b>	<b>\$ 5,184,694</b>	<b>\$ (199,156)</b>	<b>\$ 7,557</b>	<b>\$ 4,977,981</b>

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

**7. LONG-TERM LIABILITIES:**

Long-term debt activity for the year ended June 30, 2024 was as follows:

	<b>Beginning Balance</b>	<b>Issuances</b>	<b>Retirements</b>	<b>Ending Balance</b>	<b>Principal Due Within One Year</b>
<u>Direct Borrowings and Placements:</u>					
Bonds Payable					
BB&T Bond 2016A	\$ 1,063,000	\$ -	\$ 121,000	\$ 942,000	\$ 124,000
BB&T Bond 2016B	1,289,000	-	170,000	1,119,000	174,000
Total Bonds Payable	<u>\$ 2,352,000</u>	<u>\$ -</u>	<u>\$ 291,000</u>	<u>\$ 2,061,000</u>	<u>\$ 298,000</u>
Lease Liability	\$ 15,124	\$ -	\$ 3,869	\$ 11,255	\$ 3,986
Subscription Liability	\$ -	\$ 42,314	\$ 19,345	\$ 22,969	\$ 22,969
Total outstanding debt	<u>\$ 2,367,124</u>	<u>\$ 42,314</u>	<u>\$ 314,214</u>	<u>\$ 2,095,224</u>	<u>\$ 324,955</u>

The Academy's bonds payable at June 30, 2024 were as follows:

Direct Borrowings and Placements - Bonds Payable:

2016A bonds issued by BB&T in the amount of \$1,720,000 to purchase real estate. Annual principal payments ranging from \$102,000 to \$146,000 with semi-annual interest payments at 2.78% through February 1, 2031. \$ 942,000

2016B bonds issued by BB&T in the amount of \$2,384,000 to current refund 2014A bonds. Annual principal payments ranging from \$144,000 to \$199,000 with semi-annual interest payments at 2.74% through February 1, 2030. 1,119,000

Total bonds payable \$ 2,061,000

Less current portion 298,000

Long-term portion \$ 1,763,000

Annual requirements to amortize long term debt and related interest are as follows:

<b>June 30</b>	<b>Direct Borrowings and Placements</b>	
	<b>Principal</b>	<b>Interest</b>
2025	\$ 298,000	\$ 56,848
2026	306,000	48,633
2027	315,000	40,198
2028	323,000	31,515
2029	332,000	22,611
2030-2031	<u>487,000</u>	<u>17,518</u>
Total	<u>\$ 2,061,000</u>	<u>\$ 217,323</u>

In an event of default, all amounts payable may be declared immediately due and payable.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**8. COMPENSATED ABSENCES:**

The Academy's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from service. The liability for compensated absences includes salary-related benefits, where applicable. Accumulated sick leave lapses when employees leave the employ of the Academy and, upon separation from service, no monetary obligation exists. Vacation and sick leave are earned based upon length of service. The Academy has outstanding accrued vacation pay totaling \$14,812.

**9. COPIER LEASE AND SUBSCRIPTION:**

At the commencement of a lease or subscription-based IT arrangement, the Academy initially measures the lease or subscription liability at the present value of payments expected to be made during the lease or subscription term. The Academy recognizes a lease or SBITA liability and an intangible right-to-use lease or subscription asset in the financial statements. On January 11, 2022, the Academy entered into a noncancellable five-year lease agreement for the use of copier equipment. The lease agreement requires 60 monthly payments of \$356 with a discount rate of 3.00%. On July 1, 2023, the Academy entered into a subscription agreement for the use of training software. The agreement requires two annual payments of \$19,500 and \$24,000, which reflects an increase in the number of users, with a discount rate of 4.40%.

The future principal and interest payments as of June 30, 2024 were as follows:

<u>June 30</u>	<u>Lease Liability</u>		<u>Subscription Liability</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 3,986	\$ 283	\$ 22,969	\$ 1,031
2026	4,107	162	-	-
2027	<u>3,162</u>	<u>40</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,255</u>	<u>\$ 485</u>	<u>\$ 22,969</u>	<u>\$ 1,031</u>

**10. PENSION PLAN:**

***Plan Description***

All full-time, salaried permanent employees of the Academy 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.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**10. PENSION PLAN: (CONTINUED)**

***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.

***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.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**10. PENSION PLAN: (CONTINUED)**

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

	<u><b>Number</b></u>
Inactive members:	
Vested inactive members	1
Non-vested inactive members	1
Inactive members active elsewhere in VRS	<u>3</u>
Total inactive members	5
Active members	<u>7</u>
Total covered employees	<u><u>12</u></u>

***Contributions***

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

The Academy's contractually required employer contribution rate for the year ended June 30, 2024 was 6.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Academy were \$28,724 and \$27,036 for the years ended June 30, 2024 and June 30, 2023, respectively.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**10. PENSION PLAN: (CONTINUED)**

***Net Pension Asset***

The net pension liability (asset) (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Academy, the net pension asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

***Actuarial Assumptions – General Employees***

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

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

**Mortality Rates**

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

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

Post-Retirement:

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

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

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**10. PENSION PLAN: (CONTINUED)**

**Mortality Rates: (Continued)**

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

**10. 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:

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

\* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

\*\* On June 15, 2023, the VRS Board elected a long-term rate of 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 pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly



**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

**10. PENSION PLAN: (CONTINUED)**

***Discount Rate: (Continued)***

for state and teacher employer contributions; the Academy was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 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 Asset***

	Increase (Decrease)		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at June 30, 2022	\$ 256,547	\$ 362,361	\$ (105,814)
Changes for the year:			
Service cost	\$ 53,291	\$ -	\$ 53,291
Interest	20,914	-	20,914
Differences between expected and actual experience	10,932	-	10,932
Contributions - employer	-	27,036	(27,036)
Contributions - employee	-	22,012	(22,012)
Net investment income	-	26,055	(26,055)
Administrative expenses	-	(212)	212
Other changes	-	11	(11)
Net changes	\$ 85,137	\$ 74,902	\$ 10,235
Balances at June 30, 2023	\$ 341,684	\$ 437,263	\$ (95,579)

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

The following presents the net pension asset of the Academy using the discount rate of 6.75%, as well as what the Academy'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:

	Rate		
	<b>1% Decrease (5.75%)</b>	<b>Current Discount (6.75%)</b>	<b>1% Increase (7.75%)</b>
Academy's Net Pension (Asset)	\$ (22,038)	\$ (95,579)	\$ (155,292)

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**10. PENSION PLAN: (CONTINUED)**

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

For the year ended June 30, 2024, the Academy recognized pension expense of \$22,491. At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 9,422	\$ 9,640
Change in assumptions	1,567	1,173
Net difference between projected and actual earnings on pension plan investments	-	2,648
Employer contributions subsequent to the measurement date	28,724	-
Total	\$ <u>39,713</u>	\$ <u>13,461</u>

\$28,724 reported as deferred outflows of resources related to pensions resulting from the Academy's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<b>Year Ended June 30</b>	
2025	\$ (3,664)
2026	(5,278)
2027	4,704
2028	684
2029	1,082
Thereafter	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**11. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):**

***Plan Description***

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

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

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

***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 \$9,254 as of June 30, 2024.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**11. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$2,505 and \$2,396 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the miscellaneous income line of the financial statements.

***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, 2024, the entity reported a liability of \$22,547 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was .00188% as compared to .00200% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$4,896. 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.

Central Shenandoah Criminal Justice Training Academy  
Notes to Financial Statements (Continued)  
June 30, 2024

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**11. 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 Group Life Insurance Plan OPEB (Continued)***

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,252	\$ 684
Net difference between projected and actual earnings on GLI OPEB plan investments	-	906
Change in assumptions	482	1,562
Changes in proportionate share	1,305	1,769
Employer contributions subsequent to the measurement date	<u>2,505</u>	<u>-</u>
Total	<u>\$ 6,544</u>	<u>\$ 4,921</u>

\$2,505 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2025	\$ 665
2026	(1,271)
2027	(22)
2028	(289)
2029	35
Thereafter	-

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**11. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

**11. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

**Mortality Rates – Non-Largest Ten Locality Employers – General Employees (Continued)**

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

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

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the Group Life Insurance Plan is as follows (amounts expressed in thousands):

	<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	2,707,739
GLI Net OPEB Liability (Asset)	<u>\$ 1,199,313</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%

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

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

**11. 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:

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

\*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

\*\* On June 15, 2023, the VRS Board elected a long-term rate of return of 6.72%, 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 ended June 30, 2023, the rate contributed by the



**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**11. GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)**

***Discount Rate: (Continued)***

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

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Academy's proportionate share of the GLI Plan				
Net OPEB Liability	\$	33,422	\$ 22,547	\$ 13,755

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**12. LITIGATION:**

At June 30, 2024 there were no matters of litigation involving the Academy which would materially affect the Academy's financial position should any court decisions on pending matters not be favorable to the Academy.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Financial Statements (Continued)**  
**June 30, 2024**

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**13. UPCOMING PRONOUNCEMENTS:**

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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

*Statement No. 103, Financial Reporting 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.

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

**- Required Supplementary Information -**

**Central Shenandoah Criminal Justice Training Academy**  
**Schedule of Changes in Net Pension Asset and Related Ratios - Pension Plan**  
**For the Measurement Dates of June 30, 2017 through June 30, 2023**

Page 1 of 2

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Total pension liability</b>			
Service cost	\$ 53,291	\$ 47,029	\$ 50,612
Interest	20,914	17,174	10,164
Changes in assumptions	-	-	(3,048)
Differences between expected and actual experience	10,932	(15,060)	426
Benefit payments	-	-	(2,643)
<b>Net change in total pension liability</b>	\$ 85,137	\$ 49,143	\$ 55,511
<b>Total pension liability - beginning</b>	<u>256,547</u>	<u>207,404</u>	<u>151,893</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 341,684</u>	<u>\$ 256,547</u>	<u>\$ 207,404</u>
 <b>Plan fiduciary net position</b>			
Contributions - employer	\$ 27,036	\$ 30,480	\$ 29,778
Contributions - employee	22,012	21,007	20,527
Net investment income	26,055	(1,839)	63,212
Benefit payments, including refunds of employee contributions	-	-	(2,643)
Administrative expense	(212)	(173)	(107)
Other	11	9	6
<b>Net change in plan fiduciary net position</b>	\$ 74,902	\$ 49,484	\$ 110,773
<b>Plan fiduciary net position - beginning</b>	<u>362,361</u>	<u>312,877</u>	<u>202,104</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 437,263</u>	<u>\$ 362,361</u>	<u>\$ 312,877</u>
 <b>Academy's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (95,579)</u>	<u>\$ (105,814)</u>	<u>\$ (105,473)</u>
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	127.97%	141.25%	150.85%
 <b>Covered payroll</b>	\$ 443,653	\$ 427,729	\$ 418,063
 <b>Academy's net pension liability (asset) as a percentage of covered payroll</b>	-21.54%	-24.74%	-25.23%

Schedule is intended to show information for 10 years. The Academy began participation on January 1, 2017. Additional years will be included as they become available.

**Central Shenandoah Criminal Justice Training Academy**  
**Schedule of Changes in Net Pension Asset and Related Ratios - Pension Plan**  
**For the Measurement Dates of June 30, 2017 through June 30, 2023**

Page 2 of 2

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total pension liability</b>				
Service cost	\$ 52,976	\$ 42,411	\$ 42,369	\$ -
Interest	6,268	2,966	-	-
Changes in assumptions	-	4,307	-	-
Differences between expected and actual experience	(214)	810	-	-
Benefit payments	-	-	-	-
<b>Net change in total pension liability</b>	\$ 59,030	\$ 50,494	\$ 42,369	\$ -
<b>Total pension liability - beginning</b>	92,863	42,369	-	-
<b>Total pension liability - ending (a)</b>	<u>\$ 151,893</u>	<u>\$ 92,863</u>	<u>\$ 42,369</u>	<u>\$ -</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 35,763	\$ 33,192	\$ 35,576	\$ 15,878
Contributions - employee	20,624	19,158	18,574	8,154
Net investment income	3,117	8,242	3,204	676
Benefit payments, including refunds of employee contributions	-	-	-	-
Administrative expense	(55)	(20)	17	22
Other	(5)	(6)	(5)	(2)
<b>Net change in plan fiduciary net position</b>	\$ 59,444	\$ 60,566	\$ 57,366	\$ 24,728
<b>Plan fiduciary net position - beginning</b>	142,660	82,094	24,728	-
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 202,104</u>	<u>\$ 142,660</u>	<u>\$ 82,094</u>	<u>\$ 24,728</u>
<b>Academy's net pension liability (asset) - ending (a) - (b)</b>	<u>\$ (50,211)</u>	<u>\$ (49,797)</u>	<u>\$ (39,725)</u>	<u>\$ (24,728)</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	133.06%	153.62%	193.76%	N/A
<b>Covered payroll</b>	\$ 422,937	\$ 400,451	\$ 383,870	\$ 168,655
<b>Academy's net pension liability (asset) as a percentage of covered payroll</b>	-11.87%	-12.44%	-10.35%	-14.66%

**Central Shenandoah Criminal Justice Training Academy**  
**Schedule of Academy's Share of Net OPEB Liability - GLI Plan**  
**For the Measurement Dates of June 30, 2017 through June 30, 2023**

<b>Date</b>	<b>Employer's Proportion of the Net GLI OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)</b>	<b>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>
2023	0.00188% \$	22,547 \$	443,653	5.08%	69.30%
2022	0.00200%	23,721	427,729	5.55%	67.21%
2021	0.00200%	23,635	418,063	5.65%	67.45%
2020	0.00206%	34,378	422,937	8.13%	52.64%
2019	0.00204%	33,196	400,451	8.29%	52.00%
2018	0.00202%	31,000	383,870	8.08%	51.22%
2017	0.00091%	14,000	168,655	8.30%	48.86%

Schedule is intended to show information for 10 years. The Academy began participation on January 1, 2017. Additional years will be included as they become available.

**Central Shenandoah Criminal Justice Training Academy**  
**Schedule of Employer Contributions - Pension Plan and GLI Plan**  
**For the Years Ended June 30, 2017 through June 30, 2024**

Pension Plan					
	Contributions in Relation to				Contributions
	Contractually	Contractually	Contribution	Employer's	as a % of
	Required	Required	Deficiency	Covered	Covered
	Contribution	Contribution	(Excess)	Payroll	Payroll
Date	(1)*	(2)*	(3)	(4)	(5)
2024	\$ 28,724	\$ 28,724	\$ -	\$ 463,852	6.19%
2023	27,036	27,036	-	443,653	6.09%
2022	30,480	30,480	-	427,729	7.13%
2021	29,778	29,778	-	418,063	7.12%
2020	35,763	35,763	-	422,937	8.46%
2019	33,192	33,192	-	400,451	8.29%
2018	35,576	35,576	-	383,870	9.27%
2017	16,157	16,157	-	168,655	9.58%

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

Group Life Insurance Plan					
	Contributions in Relation to				Contributions
	Contractually	Contractually	Contribution	Employer's	as a % of
	Required	Required	Deficiency	Covered	Covered
	Contribution	Contribution	(Excess)	Payroll	Payroll
Date	(1)	(2)	(3)	(4)	(5)
2024	\$ 2,505	\$ 2,505	\$ -	\$ 463,852	0.54%
2023	2,396	2,396	-	443,653	0.54%
2022	2,310	2,310	-	427,729	0.54%
2021	2,258	2,258	-	418,063	0.54%
2020	2,199	2,199	-	422,937	0.52%
2019	2,082	2,082	-	400,451	0.52%
2018	1,996	1,996	-	383,870	0.52%
2017	877	877	-	168,655	0.52%

Schedule is intended to show information for 10 years. The Academy began participation on January 1, 2017. Additional years will be included as they become available.

**Central Shenandoah Criminal Justice Training Academy**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2024**

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

Pension Plan
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**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

Group Life Insurance Plan
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**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



## **Compliance Section**



**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 Members**

**Central Shenandoah Criminal Justice Training Academy  
Weyers Cave, 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 Central Shenandoah Criminal Justice Training Academy as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Central Shenandoah Criminal Justice Training Academy's basic financial statements and have issued our report thereon dated September 25, 2024.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001, that we consider to be material weaknesses.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Shenandoah Criminal Justice Training Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

### Central Shenandoah Criminal Justice Training Academy's Response to Finding

*Government Auditing Standards* requires the auditor to perform limited procedures on Central Shenandoah Criminal Justice Training Academy's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. Central Shenandoah Criminal Justice Training Academy's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### 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 Taven Cox Associates*

Charlottesville, Virginia  
September 25, 2024

**Central Shenandoah Criminal Justice Training Academy**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2024**

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies)?	None reported
Noncompliance material to financial statements noted?	No

**Section II - Financial Statement Findings**

**2024-001**

**Criteria:**

Identification of a material adjustment to the financial statements that was not detected by entity's internal controls indicates that a material weakness may exist.

**Condition:**

The Academy's financial statements required material adjustments by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles (GAAP).

**Context:**

Management contracts with a consultant to provide bookkeeping services and various accrual schedules in preparation for the annual audit. However, several year-end accrual adjustments were not recorded.

**Effect:**

There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.

**Cause:**

Management and the consultant failed to identify all year end accounting adjustments necessary for the books to be prepared in accordance with current reporting standards. The Academy does not have proper controls in place to detect and record governmental GAAP accruals in closing their year end financial statements.

**Identification of Repeat Findings:**

Finding 2024-001 is a repeat finding of 2023-001.

**Recommendation:**

We recommend that accrual activity be recorded prior to audit fieldwork to limit the auditor's involvement in recording adjusting journal entries and making significant adjustments to the general ledger.

**Management's Response:**

Management will continue to work with the consultant to review and record accruals prior to audit fieldwork.