

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

**CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
WEYERS CAVE, VIRGINIA**

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY

WEYERS CAVE, VIRGINIA

Report on the Financial Statements

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, 2017, and the related notes to the financial statements, which collectively comprise Central Shenandoah Criminal Justice Training Academy's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2017, and the respective 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.

Other Matter

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 October 12, 2017, 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 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 Central Shenandoah Criminal Justice Training Academy's internal control over financial reporting and compliance.

Robinson, Fawcett, Cox Associates
Charlottesville, Virginia
October 12, 2017

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
STATEMENT OF NET POSITION - PROPRIETARY ENTERPRISE FUND
JUNE 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 558,272
Accounts receivable	4,735
Prepaid items	5,520
TOTAL CURRENT ASSETS	\$ 568,527

NONCURRENT ASSETS

CAPITAL ASSETS

Building	\$ 7,812,454
Equipment	440,651
Vehicles	121,731
Land and site development	732,162
Land improvements	515,288
Software	4,585

TOTAL CAPITAL ASSETS, COST	\$ 9,626,871
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Accumulated depreciation	(3,592,113)
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NET CAPITAL ASSETS	\$ 6,034,758
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TOTAL NONCURRENT ASSETS	\$ 6,034,758
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TOTAL ASSETS	\$ 6,603,285
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 14,016
Compensated absences	15,773
Accrued wages and payroll liabilities	24,730
Accrued interest	44,661
Notes payable, current portion	246,000
Credit card payables	5,171
Unearned revenue	159,960

TOTAL CURRENT LIABILITIES	\$ 510,311
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LONG-TERM LIABILITIES

Notes payable, less current portion	\$ 3,689,000
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TOTAL LIABILITIES	\$ 4,199,311
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NET POSITION

Net investment in capital assets	\$ 2,099,758
Unrestricted	304,216

TOTAL NET POSITION	\$ 2,403,974
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TOTAL LIABILITIES AND NET POSITION	\$ 6,603,285
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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
- PROPRIETARY ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES	
Member agency contributions	\$ 1,192,880
Tuition	11,290
State special fee funds	255,644
Miscellaneous income	6,065
TOTAL OPERATING REVENUES	\$ 1,465,879
OPERATING EXPENSES	
Salaries	\$ 420,398
Payroll taxes	29,985
Employee benefits	128,373
Contract labor	120
Other Expenses	165
General Operations	198,419
Building and ground expenses	51,275
Office/General Administration Expenses	18,655
Insurance	15,625
Equipment Lease	3,970
Travel and Staff training	17,969
Range	2,450
Dues and Membership	7,617
Supplies	57,319
Replacement Costs	5,115
Depreciation	225,931
TOTAL OPERATING EXPENSES	\$ 1,183,386
OPERATING INCOME (LOSS)	\$ 282,493
NONOPERATING REVENUES (EXPENSES)	
Investment income, net of fees	\$ 1,077
Byrne grant	9,500
Gain (loss) on disposal of assets	5,605
Bond issuance costs	(91,700)
Interest expense	(110,761)
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ (186,279)
INCOME (LOSS) BEFORE CONTRIBUTIONS	\$ 96,214
CAPITAL CONTRIBUTIONS	22,216
CHANGE IN NET POSITION	\$ 118,430
TOTAL NET POSITION - BEGINNING OF YEAR	2,285,544
TOTAL NET POSITION - END OF YEAR	\$ 2,403,974

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

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
STATEMENT OF CASH FLOWS
- PROPRIETARY ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from member agencies	\$ 1,207,790
State special fee funds	255,644
Other student receipts	17,355
Payments to suppliers	(438,590)
Payments to and for employees	(570,002)
	<hr/>
Net cash provided by operating activities	\$ 472,197
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Byrne grant	\$ 9,500
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Net cash provided by noncapital financing activities	\$ 9,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of property and equipment	\$ (1,771,722)
Net proceeds from sale of assets	5,605
Proceeds from issuance of bonds	4,104,000
Principal paid on bonds	(2,700,000)
Interest expense	(96,246)
Bond issuance costs	(91,700)
	<hr/>
Net cash used for capital and related financing activities	\$ (550,063)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned, net of fees	\$ 1,077
	<hr/>
Net cash provided by investing activities	\$ 1,077
NET INCREASE IN CASH	<hr/>
	\$ (67,289)
CASH - BEGINNING OF YEAR	<hr/>
	625,561
CASH - END OF YEAR	<hr/>
	\$ 558,272
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 282,493
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	225,931
Changes in:	
Accounts receivable	(1,210)
Prepaid items	(4,258)
Accounts payable	(60,171)
Compensated absences	3,270
Accrued wages	5,484
Credit card payables	4,538
Unearned revenue	16,120
	<hr/>
Net cash provided by operating activities	\$ 472,197
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Donation of vehicles from other entities	\$ 22,216
Asset Disposals	\$ (19,252)

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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Business

The Central Shenandoah Criminal Justice Training 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 5th, 6th, 9th, and 10th 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.

C. Basis of Presentation and Accounting

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

D. Allowance For Bad Debts

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

E. Prepaid Items

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

F. Capital Assets

Property, equipment, 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.

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Capital Assets: (Continued)

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

Equipment	3 - 10 years
Vehicles	5 - 7 years
Building	10 - 40 years
Land improvements	5 - 10 years
Software	3 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. Statement of Cash Flows

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

I. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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.

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

J. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy does not have any deferred outflows of resources as of June 30, 2017.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Academy does not have any deferred inflows of resources as of June 30, 2017.

K. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

L. Net Position Flow Assumption

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 government-wide and 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 INVESTEMENTS

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, 2017

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 and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Academy has no investments at June 30, 2017.

3. ECONOMIC DEPENDENCY

The Academy received an annual grant worth \$255,644 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 \$1,192,880 for the fiscal year ended June 30, 2017. The Academy is economically dependent upon this funding received through grants and localities.

4. UNEARNED REVENUE

Unearned revenue consists of members who paid their member agency contributions for the fiscal year 2017-2018 on or before June 30, 2017.

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.

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

6. CAPITAL ASSET SUMMARY

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

	Balance 7/1/2016	Increases	Decreases	Balance 6/30/2017
Capital assets not being depreciated:				
Land and site development	\$ 132,560	\$ 599,602	\$ -	\$ 732,162
Total capital assets not being depreciated	\$ 132,560	\$ 599,602	\$ -	\$ 732,162
Other capital assets:				
Building cost	\$ 7,208,035	\$ 604,419	\$ -	\$ 7,812,454
Land improvements	-	515,288	-	515,288
Equipment	410,731	31,902	1,982	440,651
Vehicles	87,272	51,729	17,270	121,731
Software	4,585	-	-	4,585
Total other capital assets	\$ 7,710,623	\$ 1,203,338	\$ 19,252	\$ 8,894,709
Accumulated depreciation:				
Building cost	\$ 2,915,999	\$ 190,024	\$ -	\$ 3,106,023
Land improvements	-	17,176	-	17,176
Equipment	380,890	11,944	1,982	390,852
Vehicles	84,967	6,442	17,270	74,139
Software	3,578	345	-	3,923
Total accumulated depreciation	\$ 3,385,434	\$ 225,931	\$ 19,252	\$ 3,592,113
Other capital assets, net	\$ 4,325,189	\$ 977,407	\$ -	\$ 5,302,596
Net capital assets	\$ 4,457,749	\$ 1,577,009	\$ -	\$ 6,034,758

7. LONG-TERM LIABILITIES

Long-term debt activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Issuances	Retirements	Ending Balance	Principal Due Due Within One Year
Bonds Payable:					
BB&T Bond 2014A	\$ 2,331,000	\$ -	\$ 2,331,000	\$ -	\$ -
BB&T Bond 2014B	200,000	-	200,000	-	-
BB&T Bond 2016A	-	1,720,000	-	1,720,000	102,000
BB&T Bond 2016B	-	2,384,000	169,000	2,215,000	144,000
Total Bonds Payable	\$ 2,531,000	\$ 4,104,000	\$ 2,700,000	\$ 3,935,000	\$ 246,000

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

7. LONG-TERM LIABILITIES (CONTINUED)

The Academy's bonds payable at June 30, 2017 were as follows:

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.			\$	1,720,000
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.				<u>2,215,000</u>
Total bonds payable			\$	3,935,000
Less current portion				<u>246,000</u>
Long-term portion			\$	<u><u>3,689,000</u></u>

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

	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$	246,000	\$ 108,507
2019		253,000	101,726
2020		260,000	94,761
2021		267,000	87,584
2022		275,000	80,224
2023-2027		1,492,000	283,193
2028-2031		<u>1,142,000</u>	<u>71,644</u>
Total	\$	<u><u>3,935,000</u></u>	\$ <u><u>827,639</u></u>

8. COMPENSATED ABSENCES

In accordance with GASB Statement 16, Accounting for Compensated Absences, the Academy has accrued the liability arising from outstanding compensated absences. Academy employees earn vacation and sick leave based upon length of service. The Academy has outstanding accrued vacation pay totaling \$15,773.

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

9. LEASING COMMITMENTS

Operating - The Academy entered into an operating lease for a copier in May 2015. The lease calls for 60 payments at \$319.

Below is a schedule of lease liability.

2018	\$	3,826
2019		3,826
2020		<u>3,188</u>
Total	\$	<u><u>10,840</u></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.

Through December 2016, Academy employees participated in VRS through the City of Waynesboro, Virginia as their fiscal agent. Payments were made to the City for VRS and ICMA costs. In January 2017, the Academy established its own plan through VRS.

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

10. PENSION PLAN: (CONTINUED)

Plan Description: (Continued)

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Academy's contractually required contribution rate for the period January 1, 2017 to June 30, 2017 was 9.58% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial cost study based on eligible employee data provided on June 21, 2106 and the data, actuarial assumptions, and methods used in the June 30, 2015 actuarial valuation for VRS.

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 \$15,878 for the period January 1, 2017 to June 30, 2017, not including \$21,976 paid to the City of Waynesboro for the period July 2016 to December 2016.

The Academy will receive a valuation in accordance with GASB 68 for the FY19 financial statements. There are no deferred outflows, net pension asset or liability, or deferred inflows to report for fiscal year 2017.

11. LITIGATION

At June 30, 2017 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.

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

TO THE 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, 2017, 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 October 12, 2017.

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) to determine the 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness.

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 determination of financial statement amounts. 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

Central Shenandoah Criminal Justice Training Academy's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Central Shenandoah Criminal Justice Training Academy's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, Fawcett, Cox Associates

Charlottesville, Virginia
October 12, 2017

CENTRAL SHENANDOAH CRIMINAL JUSTICE TRAINING ACADEMY

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2017

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

2017-001

Criteria:

Per Statement on Auditing Standards 115, 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). In addition, the depreciation schedule was not updated to reflect several capital asset additions (including land, land improvements, etc.) and disposals that occurred during the year.

Context:

Management contracts with a CPA to provide various accrual schedules in preparation for the annual audit. However, many accrual adjustments were not recorded and the depreciation schedule was not updated prior to audit fieldwork.

Effect:

There is more than a remote likelihood 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.

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. The audit preparation process should include a review of general ledger activity and discussion with management to identify capital asset additions and disposals. A process should be implemented by the bookkeeper or management where capital items are identified and provided to the consultant throughout the year. All related activity should be reflected on the depreciation schedule and general ledger presented for audit.

Management's Response:

Management will communicate capital asset activity with the consultant at the end of each fiscal year. In addition, steps have been implemented to ensure staff identifies items purchased, donated, or sold on inventory and depreciation reports.