

**SHENANDOAH VALLEY REGIONAL
PROGRAM FOR SPECIAL EDUCATION
FINANCIAL AND COMPLIANCE REPORTS
YEAR ENDED JUNE 30, 2025**



ASSURANCE, TAX & ADVISORY SERVICES

**SHENANDOAH VALLEY REGIONAL PROGRAM
FOR SPECIAL EDUCATION**

TABLE OF CONTENTS

FINANCIAL SECTION	
INDEPENDENT AUDITOR’S REPORT	1 – 3
<i>Basic Financial Statements</i>	
Government-wide Financial Statements:	
Exhibit 1 Statement of net position	4
Exhibit 2 Statement of activities	5
Fund Financial Statements:	
Exhibit 3 Balance sheet – governmental fund	6
Exhibit 4 Reconciliation of the balance sheet – governmental fund – to the statement of net position	7
Exhibit 5 Statement of revenues, expenditures and changes in fund balance – governmental fund	8
Exhibit 6 Reconciliation of the statement of revenues, expenditures and changes in fund balance of the governmental fund to the statement of activities	9
Notes to financial statements	10 – 17
<i>Required Supplementary Information</i>	
Exhibit 7 Schedule of revenues, expenditures and changes in fund balance – budget and actual	18
Note to required supplementary information	19
<i>Supplemental Schedule</i>	
Schedule 1 Schedule of revenues and expenditures – budget and actual	20

COMPLIANCE SECTION	
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	21 – 22

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Joint Board for Control
Shenandoah Valley Regional Program for Special Education

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Shenandoah Valley Regional Program for Special Education (Program), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program'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 budgetary comparison information on page 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 the 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Program's basic financial statements. The supplemental schedule of revenues and expenditures – budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplemental schedule of revenues and expenditures – budget and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2026 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program'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 Program's internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
May 4, 2026

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,368,792
Due from Commonwealth	<u>19,705</u>
Total assets	<u>1,388,497</u>
LIABILITIES	
Accounts payable	175,820
Accrued payroll	207,118
Amounts held for others	9,674
Due to localities	895,885
Due to Augusta County - pension and other postemployment benefits plan	<u>3,756,468</u>
Total liabilities	<u>5,044,965</u>
NET POSITION	
Unrestricted	<u>(3,656,468)</u>
Total net position (deficit)	<u><u>\$ (3,656,468)</u></u>

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

EXHIBIT 2

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Education	\$ 7,910,887	\$ 5,300,766	\$ 21,168	\$ (2,588,953)
Total governmental activities	\$ 7,910,887	\$ 5,300,766	\$ 21,168	(2,588,953)
General revenues:				
Unrestricted revenues from use of money and property				88,770
Total general revenues				88,770
Change in net position				(2,500,183)
Net position (deficit), beginning				(1,156,285)
Net position (deficit), ending				\$ (3,656,468)

BALANCE SHEET – GOVERNMENTAL FUND

June 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,368,792
Due from Commonwealth	<u>19,705</u>
Total assets	<u><u>\$ 1,388,497</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 175,820
Accrued payroll	207,118
Amounts held for others	9,674
Due to localities	<u>895,885</u>
Total liabilities	<u>1,288,497</u>
Fund Balances:	
Assigned:	
Future appropriations by the Divisions	<u>100,000</u>
Total fund balances	<u>100,000</u>
Total liabilities and fund balances	<u><u>\$ 1,388,497</u></u>

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND –
TO THE STATEMENT OF NET POSITION
June 30, 2025**

Total fund balance per Exhibit 3 - Balance Sheet - Governmental Fund	\$ 100,000
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Long-term liability due to Augusta County - pension and other postemployment benefits plan	<u>(3,756,468)</u>
Net position of governmental activities	<u><u>\$ (3,656,468)</u></u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
Year Ended June 30, 2025**

	General Fund
Revenues:	
Tuition from localities	\$ 5,180,754
Other payments for services from localities	120,012
Interest income	88,770
Intergovernmental revenue	<u>21,168</u>
Total revenues	<u>5,410,704</u>
Expenditures:	
Education	<u>5,410,704</u>
Total expenditures	<u>5,410,704</u>
Net change in fund balance	-
Fund Balance, beginning	<u>100,000</u>
Fund Balance, ending	<u><u>\$ 100,000</u></u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025**

Net change in fund balance - total governmental fund	\$ -
Amounts reported for governmental activities in the Statement of Activities are different because:	
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Other Postemployment Benefit expense	56,287
Pension expense	<u>(2,556,470)</u>
Change in net position of governmental activities	<u>\$ (2,500,183)</u>

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Shenandoah Valley Regional Program for Special Education (the Program) is a regional education program, created pursuant to the *Code of Virginia* as amended, which complements the special education services of six local school divisions. The participating school divisions include the counties of Augusta, Page, Rockingham, and Shenandoah, and the cities of Harrisonburg and Staunton (collectively, the Divisions). The governing body, called the Joint Board for Control, is comprised of one school board member from each school division.

The goal of the regional program is to assist the participating school divisions in planning and developing services for low-incidence handicapped populations.

The financial statements include all funds controlled by the Program. The Program has no component units as defined by the Governmental Accounting Standards Board (GASB).

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Program does not have any business-type activities to report.

Statement of Net Position: The Statement of Net Position is designed to display the financial position of the primary government. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation and amortization expense, the cost of “using up” capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets, 2) restricted, and 3) unrestricted.

Statement of Activities: The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the Program only has one – the General Fund.

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statements Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

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

The Program reports the following major governmental fund:

General Fund - This fund is the Program's primary operating fund. It accounts for and reports all financial resources of the Program.

Amounts reported as program revenues include 1) participating localities share of program costs based on number of assigned pupils, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments with none in fiscal year 2025.

D. Assets, Liabilities and Net Position/Fund Balance

1. Cash and Cash Equivalents

The Program's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Capital Assets

Capital assets, which include property and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the Program as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position/Fund Balance (Continued)

2. Capital Assets (Continued)

Property and equipment of the Program are depreciated and amortized using the straight-line method over the following estimated useful lives:

Machinery and equipment	5 years
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3. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

4. 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 and amortization, less any outstanding debt related to the acquisition, construction or improvement of those assets.

The Program does not have any deferred outflows of resources or deferred inflows of resources at June 30, 2025.

5. Net Position Flow Assumption

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

6. Fund Equity

The Program reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position/Fund Balance (Continued)

6. Fund Equity (Continued)

- Committed fund balance – amounts constrained to specific purposes by the Program, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Program takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts the Program intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the General Fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Program's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Program establishes (and modifies or rescinds) fund balance commitments by passage of resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Program through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

7. Pensions

The Program records a long-term payable to Augusta County for its portion of the Augusta County School Board's (School Board) net pension liability. For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the School Board's retirement plan and the additions to/deductions from the School Board's retirement plan fiduciary net position have been determined on the same basis as they are reported by the Virginia Retirement System. 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.

8. Other Postemployment Benefits (OPEB)

The Program records a long-term payable to Augusta County for its portion of the School Board OPEB liability. For purposes of measuring the net OPEB liability and OPEB expense, information about the fiduciary net position of the School Board's OPEB plans and the additions to/deductions from the School Board's OPEB plans fiduciary net position have been determined on the same basis as they are reported by the Virginia Retirement System.

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Net Position/Fund Balance (Continued)

9. Use of Estimates

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

E. Budget Information

The Joint Board for Control adopts a budget for revenues and expenditures each year preceding commencement of the fiscal year. Amounts shown in the accompanying financial statements as “budgeted amounts” represent the original and final operating budget, respectively, for the fiscal year, as amended and approved by the Joint Board for Control.

The budget is prepared using the same accounting basis and practices as are used to account for and prepare the financial reports; thus, the budget presented in this report for comparison to actual amounts is presented in accordance with GAAP. Budgetary compliance is monitored and reported at the operating function level.

F. Subsequent Events

The Program has evaluated subsequent events through May 4, 2026, the date on which the financial statements were available to be issued.

Note 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.

Custodial Credit Risk (Deposits): Custodial credit risk is the risk that in the event of a bank failure, the Program’s deposits may not be returned to the Program. The Program requires all deposits to comply with the Act. At year-end, none of the Program’s deposits were exposed to custodial credit risk.

Investments: Statutes authorize the Program 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, bankers’ acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.24605 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The Program's investments in the LGIP, totaling \$104,897, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. All investments made by the Program are in LGIP and the maturity of the LGIP is less than one year.

The Program categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Program has no investments subject to recurring fair value measurement as of June 30, 2025.

Note 3. Due To Other Governments

Amounts due to other governments include the following:

Due to localities:

Augusta County	\$ 60,553
Harrisonburg City	514,017
Page County	54,500
Rockingham County	61,225
Shenandoah County	52,200
Staunton City	100,164
Waynesboro City	<u>53,226</u>
	<u>\$ 895,885</u>

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2025 is as follows:

	Beginning Balance	Increases	(Deletions) / Reclassifications	Ending Balance
Governmental activities:				
Capital assets being depreciated or amortized:				
Machinery and equipment	\$ 12,300	\$ -	\$ -	\$ 12,300
Total capital assets being depreciated or amortized	12,300	-	-	12,300
Less accumulated depreciation and amortization for:				
Machinery and equipment	(12,300)	-	-	(12,300)
Total accumulated depreciation and amortization	(12,300)	-	-	(12,300)
Total capital assets being depreciated or amortized, net	-	-	-	-
Governmental activities capital assets, net	\$ -	\$ -	\$ -	\$ -

Note 5. Accrued Teachers' Salaries

Annual budget appropriations for Occupational and Physical Therapists' and Behavior Analysts' salaries include salaries earned as of June 30 of each fiscal year but which are not paid until July of the following fiscal year so that those electing this method may receive their salaries over a 12-month period. These unpaid salaries are accrued each June 30 and reflected as expenditures in the period in which they are earned. Accrued salaries and fringe benefits at June 30, 2025 amounted to \$207,118.

Note 6. Compensated Absences

Compensated absences for the Program are reported as liabilities on the financial statements of the fiscal agent, County of Augusta, Virginia. Accordingly, no liability for compensated absences has been reported by the Program.

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan

The Program contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer pension plan administered by the VRS. The employees of the Program are included with employees of the Augusta County School Board for the purpose of determining the actuarial valuation for post-employment retirement liability. Since the actuarial valuation cannot be determined for the Program's employees separately from the School Board's employees, for complete disclosure for the VRS liability, refer to Note 10, Pension Plan, *Schedule of School Board Share of Net Pension Liability - VRS Teacher Retirement Plan (Cost-Sharing)*, *Schedule of School Board Non-Professional Contributions*, and *Schedule of School Board Professional Contributions* in the Annual Comprehensive Financial Report of the County of Augusta, Virginia.

Note 8. Other Postemployment Benefit Plans

The program contributes to the VRS. The employees of the Program are included with employees of the Augusta County School Board for the purpose of determining the actuarial valuation for postemployment benefits liability. Since the actuarial valuation cannot be determined for the Program's employees separately from the School Board's employees, for complete disclosure for the other postemployment benefit plan liabilities refer to Notes 11 through 14, Other Postemployment Benefits – Medical Insurance Program, Other Postemployment Benefits – Group Life Insurance Program, Other Postemployment Benefits – Health Insurance Credit Program, and Other Postemployment Benefits – Virginia Local Disability Program, in the Annual Comprehensive Financial Report of the County of Augusta, Virginia.

Note 9. Change in Accounting Estimate

During fiscal year 2025, the Program determined that the method of calculating the other postemployment benefits liability to Augusta County for the Program's portions of the Augusta County School Board plan liability should be changed in order to more accurately reflect this estimate. This amount is now calculated as a percentage of the total plan liability instead of the total plan other postemployment benefits expense. This change resulted in an increase from prior year of \$2.8 million, which more accurately reflects the Program's portion of the total plan.

Note 10. Risk Management

The Program is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Program carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance Over (Under) Final Budget
Revenues:				
From local sources:				
Tuition from localities	\$ 5,408,201	\$ 5,658,347	\$ 5,180,754	\$ (477,593)
Other payments for services from localities	-	-	120,012	120,012
Interest income	-	-	88,770	88,770
Intergovernmental revenue	26,000	40,976	21,168	(19,808)
Total revenues	5,434,201	5,699,323	5,410,704	(288,619)
Expenditures:				
Education	5,470,037	5,647,750	5,410,704	(237,046)
Total expenditures	5,470,037	5,647,750	5,410,704	(237,046)
Net change in fund balance	(35,836)	51,573	-	(51,573)
Fund balance, beginning	-	-	100,000	100,000
Fund balance, ending	\$ (35,836)	\$ 51,573	\$ 100,000	\$ 48,427

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budget Information

The Joint Board for Control adopts a budget for revenues and expenditures each year preceding commencement of the fiscal year. Amounts shown in the accompanying financial statement as “budgeted amounts” represent the original and final operating budget, respectively, for the fiscal year, as amended and approved by the Joint Board for Control.

The budget is prepared using the same accounting basis and practices as are used to account for and prepare the financial reports; thus, the budget presented in this report for comparison to actual amounts is presented in accordance with accounting principles generally accepted in the United States of America. Budgetary compliance is monitored and reported at the operating function level.

SUPPLEMENTAL SCHEDULE

SHENANDOAH VALLEY REGIONAL PROGRAM FOR SPECIAL EDUCATION

SCHEDULE 1

**SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL
Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual	Variance Over (Under) Final Budget
Revenues:				
From local sources:				
Tuition from localities	\$ 5,408,201	\$ 5,658,347	\$ 5,180,754	\$ (477,593)
Other payments for services from localities	-	-	120,012	120,012
Interest income	-	-	88,770	88,770
Total revenue from local sources	5,408,201	5,658,347	5,389,536	(268,811)
Intergovernmental:				
Commonwealth:				
Technology grant	26,000	26,000	19,705	(6,295)
Other	-	14,976	1,463	(13,513)
Total intergovernmental	26,000	40,976	21,168	(19,808)
Total revenues	\$ 5,434,201	\$ 5,699,323	\$ 5,410,704	\$ (288,619)
Expenditures:				
Education:				
Classroom instruction	\$ 127,500	\$ 122,500	\$ 146,348	\$ 23,848
Administrative services	1,084,013	1,173,176	1,060,129	(113,047)
Health services	2,467,592	2,613,395	2,598,700	(14,695)
Psychological services	1,790,932	1,738,679	1,605,527	(133,152)
Total expenditures	\$ 5,470,037	\$ 5,647,750	\$ 5,410,704	\$ (237,046)

COMPLIANCE SECTION

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

Joint Board for Control
Shenandoah Valley Regional Program for Special Education

We have audited, 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, the financial statements of the governmental activities and the major fund of Shenandoah Valley Regional Program for Special Education (Program) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated May 4, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program'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 Program's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

PBMares, LLP

Harrisonburg, Virginia
May 4, 2026