



Central Shenandoah Planning District Commission Financial Report

June 30, 2025

Central Shenandoah Planning District Commission

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Introductory Section

Central Shenandoah Planning District Commission

Directory of Commissioners

Commissioners

Butch Wells, Augusta County	Jay Lewis, Rockbridge County
Pam Carter, Augusta County	Chris Slaydon, Rockbridge County
Julia Hensley, Augusta County	Joel Hensley, Rockingham County
Lynn Ellen Black, Bath County	Sallie Wolfe-Garrison, Rockingham County
Tyson Cooper, Buena Vista	Rachel Salatin, Rockingham County
Nasser Alsaadun, Harrisonburg	Kim Sandum, Rockingham County
Laura Dent, Harrisonburg	Brad Arrowood, Staunton
Adam Fletcher, Harrisonburg	Sharon Angle, Staunton
Henry Budzinski, Vice Chair, Highland County	Terry Short, Treasurer, Waynesboro
Frank Friedman, Chair, Lexington	Leslie Tate, Waynesboro

Appointed Officials

Ann Cundy.....Executive Director
Donnie Kern.....Finance Director

Independent Auditors

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



Financial Section



Independent Auditor's Report

To the Honorable Members of the Commission
Central Shenandoah Planning District Commission
Staunton, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Central Shenandoah Planning District Commission (the "Commission") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with

management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 19, 2025



Basic Financial Statements

Central Shenandoah Planning District Commission

Statement of Net Position

June 30, 2025

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents (Note 2)	\$ 744,030
Investments (Note 2)	3,097,723
Cash and cash equivalents, restricted (Note 2)	130,989
Receivables (Note 3)	1,334,686
Prepays	28,770
Capital assets: (Note 5)	
Nondepreciable	721,697
Depreciable, net	4,314,891
Total assets	10,372,786
LIABILITIES	
Accounts payable and accrued liabilities	285,401
Accrued payroll and related liabilities	39,200
Unearned revenues	3,042,479
Noncurrent liabilities: (Note 6)	
Due within one year	68,215
Due in more than one year	250,261
Total liabilities	3,685,556
DEFERRED INFLOWS OF RESOURCES	
Leases (Note 7)	173,760
Total deferred inflows of resources	173,760
NET POSITION	
Net investment in capital assets	4,792,167
Restricted for debt service (Notes 1 and 2)	46,823
Restricted for Central Shenandoah Development Corporation (Notes 1 and 2)	42,083
Total net position	\$ 6,513,470

Central Shenandoah Planning District Commission

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Primary Government - Governmental Activities				Net (Expense) Revenue and Changes in Net Position
	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Economic and community development	\$ 6,742,177	\$ 219,452	\$ 7,122,018	\$ 167,595	\$ 766,888
Interest on long-term debt	13,451	-	-	-	(13,451)
Total governmental activities	\$ 6,755,628	\$ 219,452	\$ 7,122,018	\$ 167,595	\$ 753,437

General revenues:

Unrestricted revenue from the use of money and property	\$ 194,016
Total general revenues and transfers	194,016
Change in net position	947,453
NET POSITION AT JULY 1	5,566,017
NET POSITION AT JUNE 30	\$ 6,513,470

Central Shenandoah Planning District Commission

Balance Sheet
Governmental Funds
June 30, 2025

	Special Revenue Funds						Total
	General	Appalachian Regional Commission	Economic Development Administration	Harrisonburg- Rockingham Metropolitan Planning Organization	Staunton-Augusta- Waynesboro Metropolitan Planning Organization	Public Transit	
ASSETS							
Cash and cash equivalents (Note 2)	\$ 724,230	\$ -	\$ -	\$ -	\$ -	\$ 19,800	\$ 744,030
Investments (Note 2)	2,370,931	-	-	-	-	726,792	3,097,723
Cash and cash equivalents, restricted (Notes 1 and 2)	130,989	-	-	-	-	-	130,989
Receivables (Note 3)	342,405	64,438	-	58,290	88,083	781,470	1,334,686
Prepaid items	28,770	-	-	-	-	-	28,770
Due from other funds (Note 4)	-	-	1,833	-	-	1,241,791	1,243,624
Total assets	<u>\$ 3,597,325</u>	<u>\$ 64,438</u>	<u>\$ 1,833</u>	<u>\$ 58,290</u>	<u>\$ 88,083</u>	<u>\$ 2,769,853</u>	<u>\$ 6,579,822</u>
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 46,153	\$ 120	\$ -	\$ 458	\$ 3,780	\$ 234,890	\$ 285,401
Accrued payroll and related liabilities	19,251	5,098	1,833	2,081	1,814	9,123	39,200
Unearned revenues	582,081	-	-	28,949	32,073	2,399,376	3,042,479
Due to other funds (Note 4)	1,107,186	59,220	-	26,802	50,416	-	1,243,624
Total liabilities	1,754,671	64,438	1,833	58,290	88,083	2,643,389	4,610,704
DEFERRED INFLOWS OF RESOURCES							
Leases	35,437	-	-	-	-	138,323	173,760
Unavailable revenues	50,863	-	-	-	-	-	50,863
Total deferred inflows of resources	86,300	-	-	-	-	138,323	224,623
Fund balances (deficit):							
Nonspendable:							
Prepays	28,770	-	-	-	-	-	28,770
Restricted:							
Debt service (Notes 1 and 2)	46,823	-	-	-	-	-	46,823
Central Shenandoah Development Corporation (Notes 1 and 2)	42,083	-	-	-	-	-	42,083
Committed:							
Capital improvement	314,639	-	-	-	-	-	314,639
Development	126,588	-	-	-	-	-	126,588
Paid time off	135,228	-	-	-	-	-	135,228
Assigned:							
Transportation services	-	-	-	-	-	-	-
Unassigned	1,062,223	-	-	-	-	(11,859)	1,050,364
Total fund balances (deficit)	1,756,354	-	-	-	-	(11,859)	1,744,495
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,597,325</u>	<u>\$ 64,438</u>	<u>\$ 1,833</u>	<u>\$ 58,290</u>	<u>\$ 88,083</u>	<u>\$ 2,769,853</u>	<u>\$ 6,579,822</u>

Central Shenandoah Planning District Commission
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2025

Ending fund balances – governmental funds		\$ 1,744,495
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Nondepreciable capital assets	\$ 721,697	
Depreciable capital assets, net	4,314,891	
		5,036,588
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	(74,055)	
Leases	(13,611)	
Subscription liabilities	(85,518)	
Long-term debt	(145,292)	
		(318,476)
Total net position – governmental activities		\$ 6,513,470

Central Shenandoah Planning District Commission
Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds
Year Ended June 30, 2025

	Special Revenue Funds						Total
	General	Appalachian Regional Commission	Economic Development Administration	Harrisonburg- Rockingham Metropolitan Planning Organization	Staunton-Augusta- Waynesboro Metropolitan Planning Organization	Public Transit	
REVENUES							
Assessments	\$ 215,756	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 215,756
Charges for services	58,360	-	-	-	-	110,229	168,589
Intergovernmental - State and Local	879,827	54,395	71,329	48,747	62,742	1,895,702	3,012,742
Intergovernmental - Federal	1,334,840	105,618	46,918	194,988	250,970	2,127,781	4,061,115
Revenues from the use of money and property	59,703	-	-	-	-	134,313	194,016
Total revenues	<u>2,548,486</u>	<u>160,013</u>	<u>118,247</u>	<u>243,735</u>	<u>313,712</u>	<u>4,268,025</u>	<u>7,652,218</u>
EXPENDITURES							
Current:							
Economic and community development	2,250,201	160,013	154,877	243,735	313,712	3,318,465	6,441,003
Capital outlay	10,617	-	-	-	-	899,917	910,534
Debt service:							
Principal retirement	40,770	-	-	-	-	25,961	66,731
Interest and other fiscal charges	8,156	-	-	-	-	5,295	13,451
Total expenditures	<u>2,309,744</u>	<u>160,013</u>	<u>154,877</u>	<u>243,735</u>	<u>313,712</u>	<u>4,249,638</u>	<u>7,431,719</u>
Excess (deficiency) of revenues over(under) expenditures	238,742	-	(36,630)	-	-	18,387	220,499
OTHER FINANCING SOURCES (USES)							
Issuance of leases and subscription liabilities	10,301	-	-	-	-	-	10,301
Transfers in (Note 4)	-	-	36,630	-	-	-	36,630
Transfers out (Note 4)	(36,630)	-	-	-	-	-	(36,630)
Total other financing sources (uses)	<u>(26,329)</u>	<u>-</u>	<u>36,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,301</u>
Net change in fund balances	212,413	-	-	-	-	18,387	230,800
FUND BALANCES AT JULY 1	1,543,941	-	-	-	-	(30,246)	1,513,695
FUND BALANCES AT JUNE 30	<u>\$ 1,756,354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,859)</u>	<u>\$ 1,744,495</u>

Central Shenandoah Planning District Commission

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2025

Net change in fund balances – total governmental funds	\$ 230,800
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Capital outlays	910,534
Depreciation and amortization expense	(266,913)
In the Statement of Activities, only the gain or loss on the sale or disposal of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the property sold or disposed.	
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has an effect on net position.	
Issuance of leases and subscription liabilities	(10,301)
Lease payments	8,314
Principal payments	32,456
Subscription liability payments	25,961
Revenues in the funds that do not provide current financial resources are not reported as revenues in the Statement of Activities.	
	50,863
Long-term compensated absences are reported in the Statement of Activities but they do not require the use of current financial resources and, therefore, are not recorded as expenditures in governmental funds.	
	(34,261)
Change in net position of governmental activities	\$ 947,453

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

Note 1 – Summary of Significant Accounting Policies

The Financial Reporting Entity

The Central Shenandoah Planning District Commission (the “Commission”) operates as an agent for the Counties of Augusta, Bath, Highland, Rockbridge, and Rockingham; the Towns of Bridgewater, Broadway, Craigsville, Dayton, Elkton, Glasgow, Goshen, Grottoes, Monterey, Mt. Crawford, and Timberville; and the Cities of Buena Vista, Harrisonburg, Lexington, Staunton, and Waynesboro in the establishment and operation of Community Improvement Projects, Local Planning Assistance, and Public Transit Systems all activities that improve the economic and community development goals of each participating locality.

Government-Wide and Fund Financial Statements

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Revenues from local sources consist primarily of assessments and grants. Assessments are recognized when susceptible to accrual. Federal, state, and local grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Measurement Focus, Basis of Accounting, and Financial Statement 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 provider 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from grants are considered to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Commission reports the following major governmental funds:

The *general fund* is the Commission’s primary operating fund. It accounts for and reports all financial resources of the commission, except those required to be accounted for and reported in another fund.

Special revenue funds account and report for the proceeds of the specific revenue sources that are legally restricted to expenditures. The special revenue funds are the Appalachian Regional Commission Fund, the Economic

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

Development Administration Fund, the Harrisonburg-Rockingham Metropolitan Planning Organization Fund, the Staunton-Augusta-Waynesboro Metropolitan Planning Organization Fund, and the Public Transit Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investments with an original maturity of three months or less when purchased. All certificates of deposit, regardless of maturity, are considered to be cash and cash equivalents.

Restricted Cash and Cash Equivalents

Amounts held for debt service reserves are reported as restricted investments. Restricted investments at June 30, 2025, was \$46,823 as required by Rural Development, the lender.

Additionally, \$42,083 is reported as restricted cash, which is held by a 501(c)3 not-for-profit entity called Central Shenandoah Development Corporation. This not-for-profit entity was created solely to apply for various federal grants and is included as part of the general fund.

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year end and not yet received. Major receivable balances for the governmental activities include intergovernmental grants.

The Commission does not have an allowance for uncollectible accounts as historically there has not been difficulty in collecting payments. Management believes any allowance would be immaterial.

Capital Assets

Capital assets include property, plant, and equipment. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$2,500 and a useful life of more than one year. The Public Transit Fund capitalizes assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over an estimated useful life of five to seven years for furniture and equipment and thirty-nine years for buildings and plant.

Unearned Revenues

The Commission receives matching amounts from member localities. These funds are based on budgets and grant matching requirements and were not earned as of year end.

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

Deferred Inflows of Resources

Governmental funds report revenues that are unavailable as deferred inflows of resources. Availability of revenues is defined at Note 1. These amounts are deferred and recognized as revenue in the period the amounts become available.

Lease-related amounts are recognized at the inception of leases in which the Commission is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relates to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Compensated Absences

The Commission has policies, which allow for the accumulation and vesting of limited amounts of annual leave, sick time, and holidays until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds when the leave is due and payable.

Long-Term Debt

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements. Long-term debt generally consists of a note payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as an expenditure.

Net Position/Fund Balance

Net position in government-wide financial statements are classified as investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through state statute.

Fund balance is divided into five classifications based primarily on the extent to which the Commission is bound to observe constraints imposed upon the use of the resources in the governmental fund.

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the Commission, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Commission intends to use for a specified purpose; intent can be expressed by the governing body.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

The Commission establishes (and modifies or rescinds) fund balance commitments by passage of a 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 of commitment of the fund (such as for special incentives). Assigned fund balance is established by the Commission through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

Restricted Resources

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

Minimum Fund Balance Policy

Governmental funds of the Commission do not have specified fund balance targets. Recommended levels of committed and/or assigned fund balance will be determined on a case by case basis, based on the needs of each fund and as recommended by officials and approved by the Commission.

Post-Retirement Health Benefits

The Commission allows retirees to participate in the Commission's medical insurance plan through the Local Choice. Since employees must be 65 in order to retire from the Commission, they are eligible to participate in the Medicare supplement plan. The Commission does not participate in the cost of premiums for retirees and there is no impact on the cost of premiums for current employees.

Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

Note 2 – Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) or 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 Federal Deposit Insurance Corporation (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.

Restricted cash consists of debt service held in a reserve account, as well as cash held by a not-for-profit entity that was created to apply to various federal grants.

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

Investments

Statutes authorize the Commission to invest in obligations of the United States of America 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 Virginia Investment Pool (“VIP”). The VIP is not registered with the SEC, but is overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the Commission’s position in the pool is the same as the value of the pool shares.

The Commission has no investment policies that would further limit its investment choices.

The Commission holds deposits in the VIP consisting of the Stable NAV Liquidity Pool. This VIP pool includes short-duration, high-quality, and fixed income securities. The NAV Pool offers a competitive yield with a stable net asset value, and daily liquidity, which is ideal for managing operating funds. The NAV pool is rated AAAM by Standard and Poor’s. At June 30, 2025, all investments were held in VIP.

As of June 30, the Commission had the following deposits and investments:

Investments: VIP	\$ 3,097,723
Deposits	875,019
Total deposits and investments	<u>\$ 3,972,742</u>
Statement of Net Position:	
Cash and cash equivalents	\$ 744,030
Investments	3,097,723
Cash and cash equivalents, restricted	130,989
Total statement of net position	<u>\$ 3,972,742</u>

Note 3 – Receivables

Receivables are as follows:

Federal grants	\$ 680,387
State grants	307,064
Leases (Note 7)	161,262
Other	185,973
Total receivables	<u>\$ 1,334,686</u>

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

Note 4 – Interfund Activity and Transfers

Interfund balances are the result of short-term cash flow needs or services provided by the general fund that have not been reimbursed by special revenue funds. Due to/from balances between the funds consisted of the following:

	<u>Due To</u>	<u>Due From</u>
General	\$ 1,107,186	\$ -
Appalachian Regional Commission	59,220	-
Economic Development Administration	-	1,833
HRMPO	26,802	-
SAWMPO	50,416	-
Public Transit	-	1,241,791
	<u>\$ 1,243,624</u>	<u>\$ 1,243,624</u>

Transfers balances between the funds consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 36,630
Economic Development Administration	36,630	-
	<u>\$ 36,630</u>	<u>\$ 36,630</u>

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

Note 5 – Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 721,697	\$ -	\$ -	\$ 721,697
Construction in process	971,019	899,917	1,870,936	-
Total capital assets, not depreciated	<u>1,692,716</u>	<u>899,917</u>	<u>1,870,936</u>	<u>721,697</u>
Capital assets, depreciated/amortized:				
Buildings and plant	3,475,824	1,870,936	-	5,346,760
Furniture and equipment	260,593	-	-	260,593
Leased vehicles	24,537	10,617	12,268	22,886
Subscription assets	142,735	-	-	142,735
Total capital assets, depreciated/ amortized	<u>3,903,689</u>	<u>1,881,553</u>	<u>12,268</u>	<u>5,772,974</u>
Less accumulated depreciation:				
Buildings and plant	(979,025)	(205,517)	-	(1,184,542)
Furniture and equipment	(182,575)	(24,421)	-	(206,996)
Leased vehicles	(13,291)	(8,428)	12,268	(9,451)
Subscription assets	(28,547)	(28,547)	-	(57,094)
Total accumulated depreciation/ amortization	<u>(1,203,438)</u>	<u>(266,913)</u>	<u>(12,268)</u>	<u>(1,458,083)</u>
Total capital assets, depreciated/ amortized, net	<u>2,700,251</u>	<u>1,614,640</u>	<u>-</u>	<u>4,314,891</u>
Total capital assets, net	<u>\$ 4,392,967</u>	<u>\$ 2,514,557</u>	<u>\$ 1,870,936</u>	<u>\$ 5,036,588</u>

Depreciation is included as part of economic and community development expenditures on the Statement of Activities.

Note 6 – Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note payable:					
Rural Housing Service	\$ 177,748	\$ -	\$ (32,456)	\$ 145,292	\$ 34,050
Leases	11,624	10,301	(8,314)	13,611	6,971
Subscription liabilities	111,479	-	(25,961)	85,518	27,194
Compensated absences*	39,794	34,261	-	74,055	-
Total governmental activities	<u>\$ 340,645</u>	<u>\$ 44,562</u>	<u>\$ (66,731)</u>	<u>\$ 318,476</u>	<u>\$ 68,215</u>

*The change in compensated absences is a net change for the year.

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

Details of outstanding long-term debt are as follows:

On June 28, 1999, the Commission issued a note payable secured by a deed of trust. The note is being repaid in monthly installments of \$3,350, including interest at 4.75%. The note matures May 2029.

The annual requirements to amortize long-term debt and related interest are as follows:

Fiscal Year	Note Payable		Leases		Subscriptions	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 34,050	\$ 6,150	\$ 6,971	\$ 482	\$ 27,194	\$ 4,062
2027	35,703	4,497	3,550	239	28,486	2,770
2028	37,436	2,764	3,090	68	29,838	1,417
2029	38,103	939	-	-	-	-
	<u>\$ 145,292</u>	<u>\$ 14,350</u>	<u>\$ 13,611</u>	<u>\$ 789</u>	<u>\$ 85,518</u>	<u>\$ 8,249</u>

Note 7 – Leases and Subscription Based Information Technology Arrangements

Commission as Lessee

The Commission currently has two three-year vehicle leases, with monthly payments of \$365 and \$316.

For purposes of discounting future payments on the leases, the Commission used the interest rate (4.75%) to determine an appropriate discount rate. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 5.

Commission as Lessor

The Commission, as a lessor, has entered into lease agreements involving land and building space. The Commission entered into a five-year lease for transit facility space beginning in May 2022 and terminating May 2027. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$70,096.

During 2025, the Commission entered into a three-year operating lease in which the Commission would lease office space located at 114 MacTanly Place. As the lessor, the Commission receives monthly payments of \$1,227. Lease revenue of \$5,729 was recognized during Fiscal Year 2025.

The Commission contracted to purchase land located at 240 North Lewis Street, Staunton, Virginia during fiscal year 2021. Prior to the sale, the City of Staunton, Virginia, had entered into a commercial lease agreement with the prior lessor to use parking space on the land. This agreement was re-assigned to the Commission effective April 20, 2021, for a period of five years. Starting in July 2021, the lessee pays monthly rent to the Commission of \$917 per month, which will increase annually based on the Consumer Price Index. Lease revenue in the amount of \$9,813 was recognized by the Commission for fiscal year ending June 30, 2025. The lease is expected to expire in June 2026.

All three lessor agreements have an interest rate of 4.75%.

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

Subscription Based Information Technology Arrangements

In March 2024, the Commission entered into an agreement for the purchase of bus routing equipment, which was capitalized (see Note 5). The agreement also includes a five-year mobile data collection system subscription. The discount rate used is the same noted above regarding leases.

Note 8 – Retirement Plans

Defined Contribution Pension Plan

The Commission provides a defined contribution plan for all full-time employees administered by Empower. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. Plan payments are based on basic annual compensation with contributions by the Commission and employees. The Commission matched 13.85% for the year ended June 30, 2025. Commission contributions for each employee are fully vested after three years of continuous service. Contributions for, and investment income forfeited by, employees who leave employment before three years of service are allocated to Plan participants. Employer contributions for the year ended June 30, 2025, were \$136,674 and employee contributions for the year ended June 30, 2025, were \$75,346.

457 Plan

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all eligible Commission employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Commission matched 1% for the year ended June, 30 2025, given the condition of at least 2% employee deferral. Employer contributions for the year ended June 30, 2025, were \$7,815 and employee contributions for the year ended June 30, 2025, were \$49,223.

Note 9 – Federal Transit Administration

The Commission was approved to oversee the Federal Transit Administration funds for Staunton-Augusta-Waynesboro MPO member localities beginning January 2014. The Commission has contracted with Virginia Regional Transit (VRT) to provide public transit service. The contract was signed on July 1, 2017 and was extended through to June 30, 2026. The total paid to VRT during fiscal year 2025, is \$2,385,117 and is recorded in the Public Transit Fund.

Note 10 – Risk Management

The Commission 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. To reduce insurance costs and the need for self-insurance, the Commission has joined with other Commissions and municipalities in the Commonwealth of Virginia in a public entity risk pool that operates as common risk management and insurance program for member municipalities. The Commission is not self-insured.

The Commission has insurance coverage with Virginia Risk Sharing Association. Each Association member jointly and severally agrees to assume, pay, and discharge any liability. The Commission pays contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion that the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Commission's settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Note 11 – Indirect Cost Allocation

Indirect costs, which support all projects, are allocated based on the ratio of the individual project's direct salaries and fringe benefits to total direct salaries and fringe benefits. The indirect cost rate for the year ended June 30, 2025, was 50.50%.

The rate was calculated as follows:

Indirect costs ÷	\$ 505,175		
Direct chargeable salaries and benefits	\$ 1,000,197	=	50.50%

The following indirect costs have been used in the above calculations:

Salaries and benefits	\$ 306,312
Accounting and auditing services	51,400
Consulting services	4,000
IT services and subscriptions	22,309
Legal services	788
Other professional services	9,400
Repairs and maintenance	17,566
Printing	9,863
Advertising	1,643
Utilities	4,123
Telecommunications	23,684
Travel, training, and meetings	19,695
Administrative costs	10,757
Dues and association memberships	7,357
Office supplies	6,680
Books and subscriptions	2,701
Other program costs	703
Interest payments on debt service	6,195
Total indirect costs	<u><u>\$ 505,175</u></u>

Note 12 – Fringe Benefit Allocation

Fringe benefit expense is allocated using the percentage of benefits to total chargeable salaries. The fringe benefit rate for the fiscal year ending June 30, 2025, was calculated as follows:

Fringe benefit expense ÷	\$ 447,320		
Total chargeable salaries	\$ 858,676	=	52.09%

Central Shenandoah Planning District Commission

Notes to Financial Statements

June 30, 2025

Components of fringe benefit expense are:

Health, disability, and life insurance	\$	172,324
Medicare, social security, retirement		132,247
Unemployment tax, workers' comp. insurance		38
Value of release time including vac., sick, holiday		139,721
Other		2,990
Total fringe benefit expense	\$	<u>447,320</u>

Note 13 – Commitments and Contingencies

At June 30, the Commission had outstanding contractual commitments for grant funded transit projects totaling \$2,042,822. These commitments, where they do not create negative unassigned fund balance, are included in assigned fund balance in the governmental funds balance sheet.

Note 14 – Revenue Concentrations

The Commission received approximately 53% of total revenue from federal agencies, and 34% from state agencies as of June 30, 2025. See below for specifics by agency, which are considered significant concentrations:

	<u>Total Revenue</u>	<u>Percent of Total Revenue</u>
Federal Transit Administration	\$ 2,304,963	30 %
Virginia Department of Rail and Public Transportation	1,922,858	25
United States Department of Transportation	844,702	11

Note 15 – New Accounting Standards

In April 2024, the GASB issued **Statement No. 103**, Financial Reporting Model Improvements. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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

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



Required Supplementary Information

CENTRAL SHENANDOAH PLANNING DISTRICT COMMISSION

Statement of Revenues, Expenditures, and Changes in Fund Balance –

Budget and Actual – General Fund

Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Assessments	\$ -	\$ -	\$ 215,756	\$ 215,756
Charges for services	-	-	58,360	58,360
Intergovernmental - State and Local	1,307,288	1,307,288	879,827	(427,461)
Intergovernmental - Federal	932,000	932,000	1,334,840	402,840
Revenues from the use of money and property	62,300	62,300	59,703	(2,597)
Total revenues	<u>2,301,588</u>	<u>2,301,588</u>	<u>2,548,486</u>	<u>246,898</u>
EXPENDITURES				
Current:				
Economic and community development	2,301,588	2,301,588	2,250,201	51,387
Capital outlay	-	-	10,617	(10,617)
Debt service:				
Principal retirement	-	-	40,770	(40,770)
Interest and other fiscal charges	-	-	8,156	(8,156)
Total expenditures	<u>2,301,588</u>	<u>2,301,588</u>	<u>2,309,744</u>	<u>(8,156)</u>
OTHER FINANCING USES				
Issuance of leases	-	-	10,301	10,301
Transfers out	-	-	(36,630)	(36,630)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 212,413</u>	<u>\$ 212,413</u>

Central Shenandoah Planning District Commission

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Appalachian Regional Commission Fund Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - State and local	\$ 52,248	\$ 52,248	\$ 54,395	\$ 2,147
Intergovernmental - Federal	52,248	52,248	105,618	53,370
Total revenues	104,496	104,496	160,013	55,517
EXPENDITURES				
Current:				
Economic and community development	104,496	104,496	160,013	(55,517)
Total expenditures	104,496	104,496	160,013	(55,517)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

Central Shenandoah Planning District Commission

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Economic Development Administration Fund Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
REVENUES				
Intergovernmental - State and Local	\$ 70,000	\$ 70,000	\$ 71,329	\$ 1,329
Intergovernmental - Federal	70,000	70,000	46,918	(23,082)
Total revenues	<u>140,000</u>	<u>140,000</u>	<u>118,247</u>	<u>(21,753)</u>
EXPENDITURES				
Current:				
Economic and community development	140,000	140,000	154,877	(14,877)
Total expenditures	<u>140,000</u>	<u>140,000</u>	<u>154,877</u>	<u>(14,877)</u>
OTHER FINANCING SOURCES				
Transfers	-	-	36,630	(36,630)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Central Shenandoah Planning District Commission

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Harrisonburg-Rockingham MPO Fund Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - State and Local	\$ 81,776	\$ 81,776	\$ 48,747	\$ (33,029)
Intergovernmental - Federal	327,104	327,104	194,988	(132,116)
Total revenues	<u>408,880</u>	<u>408,880</u>	<u>243,735</u>	<u>(165,145)</u>
EXPENDITURES				
Current:				
Economic and community development	408,880	408,880	243,735	165,145
Total expenditures	<u>408,880</u>	<u>408,880</u>	<u>243,735</u>	<u>165,145</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Central Shenandoah Planning District Commission

**Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Staunton-Augusta-Waynesboro MPO Fund
Year Ended June 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental - State and Local	\$ 89,956	\$ 89,956	\$ 62,742	\$ (27,214)
Intergovernmental - Federal	359,826	359,826	250,970	(108,856)
Total revenues	<u>449,782</u>	<u>449,782</u>	<u>313,712</u>	<u>(136,070)</u>
EXPENDITURES				
Current:				
Economic and community development	449,782	449,782	313,712	136,070
Total expenditures	<u>449,782</u>	<u>449,782</u>	<u>313,712</u>	<u>136,070</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Central Shenandoah Planning District Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Public Transit Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 110,229	\$ 110,229
Intergovernmental - State and Local	2,183,384	2,183,384	1,895,702	(287,682)
Intergovernmental - Federal	2,035,348	2,035,348	2,127,781	92,433
Revenues from the use of money and proper	74,500	74,500	134,313	59,813
Total revenues	<u>4,293,232</u>	<u>4,293,232</u>	<u>4,268,025</u>	<u>(25,207)</u>
EXPENDITURES				
Current:				
Economic and community development	4,293,232	4,293,232	3,318,465	974,767
Capital outlay	-	-	899,917	(899,917)
Debt service:				
Principal retirement	-	-	25,961	(25,961)
Interest and other fiscal charges	-	-	5,295	(5,295)
Total expenditures	<u>4,293,232</u>	<u>4,293,232</u>	<u>4,249,638</u>	<u>48,889</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,387</u>	<u>\$ 23,682</u>

Central Shenandoah Planning District Commission

Notes to Required Supplementary Information

June 30, 2025

Note 1 – Budgets and Budgetary Accounting

The following procedures are used by the Commission in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30th, the budget is approved by the Commission through passage of a resolution. The Commission may, from time to time, amend the budget, providing for additional expenditures and the means for financing them.
2. Formal budgetary integration is employed as a management control device during the year.
3. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
4. All budget data presented in the accompanying financial statements includes the original and revised budgets as of June 30th.



Compliance Section





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

To the Honorable Members of the Commission
Central Shenandoah Planning District Commission
Staunton, 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 governmental activities, and each major fund of the Central Shenandoah Planning District Commission ("the Commission"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 19, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Item 2025-001, that we consider to be a material weakness.**

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



Report on Compliance and Other Matters

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

Commission's Response to Findings

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 19, 2025

Central Shenandoah District Planning Commission

Summary of Compliance Matters

Year Ended June 30, 2025

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

State Compliance Matters

Code of Virginia

Cash and Investment Laws

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Central Shenandoah Planning District Commission

Schedule of Findings and Responses

Year Ended June 30, 2025

Findings – Financial Statement Audit

2025-001: Financial Reporting (Material weakness)

Condition Material audit adjustments were proposed.

Cause Certain transactions recorded by management did not involve the proper accounting treatment.

Effect Proper accounting treatment was not followed during the fiscal year.

Recommendation We suggest management make the appropriate adjustments when misstatements have been identified. We also recommend implementing procedures such as review of transactions near year end to ensure that services received and rendered during the year have been appropriately reflected in accounts receivable, prepaid expenses, and accounts payable.

View of Responsible Officials We agree with the auditor's comments. The Finance Director has communicated with auditor's on how to prevent similar adjustments in the future and will proactively put in place these needed procedures in FY2026.

Findings – Commonwealth of Virginia

None.