

**NEW RIVER CRIMINAL JUSTICE  
TRAINING ACADEMY**

**FINANCIAL STATEMENTS**

Year Ended June 30, 2021



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
New River Criminal Justice Training Academy

We have audited the accompanying financial statements of the New River Criminal Justice Training Academy, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the New River Criminal Justice Training Academy, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020 on our consideration of the Academy's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the Academy's internal control over financial reporting and compliance.

*Joti, Flynn, Lawson & Company, P. C*

Roanoke, Virginia  
November 16, 2021

# NEW RIVER CRIMINAL JUSTICE TRAINING ACADEMY

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2021

### OPERATING REVENUE:

Local assessments	\$	350,655
Pre-employment fees		16,750
Other operating income		<u>6,577</u>
Total operating revenue		<u>373,982</u>

### GENERAL AND ADMINISTRATIVE EXPENSES:

Salaries and wages	226,316
Cleaning	3,385
Depreciation	68,881
Equipment leases	19,326
Insurance	13,200
Instructor development	25,094
Legal and professional	16,651
Miscellaneous expense	26
Office expense	7,954
Postage	567
Pre-employment expenses	2,540
Repairs and maintenance	8,923
Student supplies	17,345
Telephone	6,006
Utilities	22,179
Vehicle expense	<u>6,836</u>
Total general and administrative expenses	<u>445,229</u>

Loss from operations (71,247)

### NON-OPERATING REVENUES/(EXPENSES):

State grant	72,527
Other grants	6,160
Interest expense	<u>(68,515)</u>

Net non-operating income 10,172

Change in net position (61,075)

### NET POSITION:

Net position at beginning of year	<u>(241,624)</u>
Net position at end of year	<u>\$ (302,699)</u>

See accompanying notes to financial statements.

# NEW RIVER CRIMINAL JUSTICE TRAINING ACADEMY

## NOTES TO FINANCIAL STATEMENTS

### 1. ORGANIZATION AND NATURE OF ACTIVITIES:

General: The financial statements have been prepared to incorporate all funds utilized by the New River Criminal Justice Training Academy (“the Academy”). These statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (“GASB”). The operations of the Academy are proprietary in nature and as a result these financial statements are prepared to conform to proprietary type governmental financial statements.

Reporting Entity: The New River Criminal Justice Training Academy was created by legislation passed by the Commonwealth of Virginia as promulgated through the Department of Criminal Justice Services to provide training to law enforcement members of participating jurisdictions.

### 2. SUMMARY OF SIGNIFICANT POLICIES:

Basis of Accounting: The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting.

Restricted cash represents a debt reserve required to be held by Rural Development.

Cash, Cash Equivalents and Restricted Cash: Cash and cash equivalents are held in accounts in the name of the Academy. For purposes of the statement of cash flows, the Academy considers all highly liquid debt instruments with maturities of three months or less at the time of acquisition to be cash equivalents.

The following provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of net position to reflect the total of the same such amounts shown in the statement of cash flows as of June 30, 2021.

Cash and cash equivalents	\$	253,565
Debt reserve		<u>944</u>
Total cash, cash equivalents, and debt reserve shown in the statement of cash flows	\$	<u>254,509</u>

Capital Assets: The Academy defines capital assets as assets with an estimated useful life greater than a year. Any additions greater than \$500, including those that significantly prolong a capital asset’s economic life of expand usefulness, are capitalized. Normal repairs that merely maintain the capital asset in its present condition are recorded as expenses and are not capitalized. Capital assets are stated at cost less accumulated depreciation computed by the straight-line method.

<u>Classification</u>	<u>Life</u>
Building and leasehold improvements	39 years
Furnishings and equipment	5-7 years
Office equipment	5 years
Vehicles	5 years

**NEW RIVER CRIMINAL JUSTICE TRAINING ACADEMY**

NOTES TO FINANCIAL STATEMENTS - (Continued)

**2. SUMMARY OF SIGNIFICANT POLICIES - (Continued):**

New accounting pronouncements: GASB Statement No. 87, *Leases*. The Statement will make substantial changes to the accounting treatment for leases that were previously classified as operating leases. The Statement becomes effective for fiscal year 2021. Management has not implemented this GASB Statement.

**3. CAPITAL ASSETS:**

The following summarizes the changes in capital assets:

	June 30, 2020 Beginning Balance	Additions	Reductions	June 30, 2021 Ending Balance
Cost:				
Building	\$ 1,842,093	\$ -	\$ -	\$ 1,842,093
Land	52,059	-	-	52,059
Vehicles	69,357	-	-	69,357
Furnishings & equipment	174,748	-	-	174,748
Office equipment	39,674	-	-	39,674
Total cost	<u>2,177,931</u>	<u>-</u>	<u>-</u>	<u>2,177,931</u>
Less accumulated depreciation:				
Building	\$ 511,829	\$ 63,320	\$ -	\$ 575,149
Vehicles	64,656	1,200	-	65,856
Furnishings & equipment	170,166	1,715	-	171,881
Office equipment	33,678	2,646	-	36,324
Total accumulated depreciation	<u>780,329</u>	<u>68,881</u>	<u>-</u>	<u>849,210</u>
Capital assets - net	<u>\$ 1,397,602</u>	<u>\$ (68,881)</u>	<u>\$ -</u>	<u>\$ 1,328,721</u>

**4. LONG-TERM DEBT AND OTHER OBLIGATIONS:**

Compensated absences consist of the following:

	June 30, 2020 Beginning Balance	Additions	Reductions	June 30, 2021 Ending Balance	Current Portion
Compensated absences	<u>\$ 15,769</u>	<u>\$ 17,465</u>	<u>\$ (3,893)</u>	<u>\$ 29,341</u>	<u>\$ 1,382</u>



**NEW RIVER CRIMINAL JUSTICE TRAINING ACADEMY**

NOTES TO FINANCIAL STATEMENTS - (Continued)

**4. LONG-TERM DEBT AND OTHER OBLIGATIONS – (Continued):**

The note payable following the second workout agreement matures as follows:

Years ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ -	\$ -
2023	25,729	54,319	80,048
2024	35,526	71,205	106,731
2025	36,974	69,757	106,731
2026	38,481	68,250	106,731
Thereafter	<u>1,684,855</u>	<u>983,411</u>	<u>2,668,266</u>
 Total minimum payment	 1,821,565	 1,246,942	 3,068,507
Less: amount representing interest	-	(1,246,942)	(1,246,942)
Less: current portion	<u>-</u>	<u>-</u>	<u>-</u>
 Noncurrent portion	 <u>\$ 1,821,565</u>	 <u>\$ -</u>	 <u>\$ 1,821,565</u>

The total principal payments in this table are \$89,699 higher than the statement of net position total due to capitalized interest, resulting from the workout agreement.

**5. CONCENTRATION OF CREDIT RISK:**

The Academy maintains cash balances at one bank. Amounts in interest and non-interest-bearing accounts and money market deposit accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Approximately 16% of the Academy’s total operating revenues came from one local enforcement agency during the year ending June 30, 2021. This local agency has withdrawn participation in the Academy following fiscal year end June 30, 2022. At this time, a loss of approximately \$56,260 in assessments fees is certain after the fiscal year ended June 30, 2022, but the Academy is working diligently to recruit new agencies.

# NEW RIVER CRIMINAL JUSTICE TRAINING ACADEMY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

Number:	2021-01
Condition:	As of June 30, 2021, the Academy had not publicly posted the financial statements for the year ended June 30, 2020.
Criteria:	The Virginia Specifications for Audits of Authorities, Boards, and Commissions requires a summary statement of financial condition be posted into general circulation showing, at a minimum, total assets, liabilities, fund balances, total revenue, expenditures, and other sources or uses, and the resulting net change in fund balances.
Effect:	Noncompliance with the Auditor for Public Accounts for the Commonwealth of Virginia's requirements.
Cause:	The Academy's previous executive director retired before fiscal year end June 30, 2020. The new executive director was not aware of this requirement.
Recommendation:	Management of the Academy should post the financial statements ended June 30, 2020 to a local circulation or at a minimum to the Academy's website and continue to post the financial statements to the Academy's website for every year thereafter.

### CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED June 30, 2021

#### Comments on findings and recommendation

Management agrees with the finding.

#### Action taken or planned

Management of the Academy intends to post the financial statements ended June 30, 2020 to the Academy's website and continue to post the financial statements to the Academy's website for every year thereafter.

**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 Board of Directors  
New River Criminal Justice Training Academy

We have audited, in accordance with the 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 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 New River Criminal Justice Training Academy, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the New River Criminal Justice Training Academy’s basic financial statements, and have issued our report thereon dated November 16, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-01 and 2021-02 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academy'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or *Specifications for Audits of Authorities, Boards, and Commissions* and which are described in the accompanying schedule of findings and questioned costs as items 2021-01 and 2021-02.

## **New River Criminal Justice Training Academy's Response to Findings**

The Academy's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Academy's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Joti, Alyna, Lauren & Company, P.C.*

Roanoke, Virginia  
November 16, 2021