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BLUE RIDGE JUVENILE DETENTION COMMISSION

CHARLOTTESVILLE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016

ROBINSON, FARMER, COX ASSOCIATES

*A PROFESSIONAL LIMITED LIABILITY COMPANY      CERTIFIED PUBLIC ACCOUNTANTS*

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CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ STAUNTON □ BLACKSBURG □ LOUISA



## **BOARD MEMBERS**

### **ALBEMARLE COUNTY**

Doug Walker, Assistant County Executive

### **CITY OF CHARLOTTESVILLE**

Mike Murphy, Director of Human Services

### **CULPEPER COUNTY**

John Egertson, County Executive

### **FLUVANNA COUNTY**

Steven Nichols, County Administrator

### **GREENE COUNTY**

John Barkley, County Administrator

BLUE RIDGE JUVENILE DETENTION COMMISSION

CHARLOTTESVILLE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2016

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# ROBINSON, FARMER, COX ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## INDEPENDENT AUDITORS' REPORT

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TO THE MEMBERS OF  
BLUE RIDGE JUVENILE DETENTION COMMISSION  
CHARLOTTESVILLE, VIRGINIA

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Blue Ridge Juvenile Detention Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Blue Ridge Juvenile Detention Commission's basic financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Blue Ridge Juvenile Detention Commission, as of June 30, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Change in Accounting Principle*

As described in Note 3 to the financial statements, in 2016, the Commission adopted new accounting guidance, GASB Statement No. 82 Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No.73. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that schedules related to pension and OPEB funding on pages 36-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Blue Ridge Juvenile Detention Commission's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

## Report on Summarized Comparative Information

We have previously audited Blue Ridge Juvenile Detention Commission's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016, on our consideration of Blue Ridge Juvenile Detention 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 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 Blue Ridge Juvenile Detention Commission's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
November 10, 2016

- Basic Financial Statements -

BLUE RIDGE JUVENILE DETENTION COMMISSION

Statement of Net Position  
As of June 30, 2016  
(With Comparative Amounts for 2015)

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,267,433	\$ 2,363,466
Prepaid items	-	80
Accounts receivable	3,150	1,400
Due from other governments	285,755	231,889
Total current assets	\$ 2,556,338	\$ 2,596,835
Other asset:		
Net pension asset	\$ 55,014	\$ 57,337
Capital assets:		
Capital assets, not being depreciated:		
Land	\$ 417,115	\$ 417,115
Capital assets, being depreciated:		
Building and improvements	\$ 10,718,857	\$ 10,689,007
Equipment	467,158	414,740
Vehicles	116,983	116,983
Accumulated depreciation	(4,131,031)	(3,772,127)
Total capital assets being depreciated	\$ 7,171,967	\$ 7,448,603
Total capital assets	\$ 7,589,082	\$ 7,865,718
Total assets	\$ 10,200,434	\$ 10,519,890
<b>Deferred Outflows of Resources</b>		
Post measurement date employer pension contributions	\$ 112,692	\$ 113,418
Total assets and deferred outflows of resources	\$ 10,313,126	\$ 10,633,308
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 85,984	\$ 182,929
Accrued interest payable	9,925	28,502
Amounts due participating localities	225,134	-
Compensation payable	11,094	11,339
Compensated absences - current portion	18,235	16,027
Revenue bonds - current portion	780,000	750,000
Total current liabilities	\$ 1,130,372	\$ 988,797
Noncurrent liabilities:		
Net OPEB obligation	\$ 224,000	\$ 203,000
Compensated absences - net of current portion	164,118	144,246
Revenue bonds - net of current portion	-	780,000
Total noncurrent liabilities	\$ 388,118	\$ 1,127,246
Total liabilities	\$ 1,518,490	\$ 2,116,043
<b>Deferred Inflows of Resources</b>		
Differences between expected and actual experience	\$ 17,599	\$ -
Net difference between projected and actual earnings on plan investments	55,885	133,574
Total deferred inflows of resources	\$ 73,484	\$ 133,574
<b>Net Position</b>		
Net investment in capital assets	\$ 6,809,082	\$ 6,335,718
Restricted - operations	813,358	711,122
Unrestricted	1,116,311	1,336,851
Total net position	\$ 8,738,751	\$ 8,383,691
Total liabilities, deferred inflows of resources and net position	\$ 10,330,725	\$ 10,633,308
See accompanying notes to financial statements.		



**BLUE RIDGE JUVENILE DETENTION COMMISSION**

**Statement of Revenues, Expenses and Changes in Net Position**  
**Year Ended June 30, 2016**  
**(With Comparative Amounts for 2015)**

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues:</b>		
From local sources:		
Charges for services	\$ 2,167,941	\$ 2,725,809
Miscellaneous	9,309	9,792
Intergovernmental:		
State	848,015	789,672
Federal	26,858	43,429
Total operating revenues	<u>\$ 3,052,123</u>	<u>\$ 3,568,702</u>
<b>Operating Expenses:</b>		
Compensation and related items	\$ 2,475,500	\$ 2,305,075
Contractual	180,516	200,368
Other charges	460,940	453,400
Depreciation	358,904	278,989
Total operating expenses	<u>\$ 3,475,860</u>	<u>\$ 3,237,832</u>
<b>Total operating income (loss)</b>	<u>\$ (423,737)</u>	<u>\$ 330,870</u>
<b>Nonoperating Revenues (Expenses):</b>		
Debt service assessments	\$ 821,405	\$ 817,916
Interest income	7,459	5,208
Interest expense	(50,067)	(105,127)
<b>Total nonoperating revenues (expenses)</b>	<u>\$ 778,797</u>	<u>\$ 717,997</u>
<b>Change in net position</b>	\$ 355,060	\$ 1,048,867
<b>Net position, beginning of year</b>	<u>8,383,691</u>	<u>7,334,824</u>
<b>Net position, end of year</b>	<u><u>\$ 8,738,751</u></u>	<u><u>\$ 8,383,691</u></u>

See accompanying notes to financial statements.

**BLUE RIDGE JUVENILE DETENTION COMMISSION**

**Statement of Cash Flows  
Year Ended June 30, 2016  
(With Comparative Amounts for 2015)**

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 3,221,641	\$ 3,983,594
Payments to suppliers	(756,898)	(625,096)
Payments to and for employees	(2,507,305)	(2,350,989)
Net cash flows provided by (used for) operating activities	\$ (42,562)	\$ 1,007,509
<b>Cash flows from investing activities:</b>		
Interest income	\$ 7,459	\$ 5,208
<b>Cash flows from capital and related financing activities:</b>		
Debt service assessments	\$ 821,405	\$ 817,916
Purchase of capital assets	(82,268)	(329,766)
Principal payments on long-term debt	(750,000)	(710,000)
Interest expense	(50,067)	(105,127)
Net cash flows provided by (used for) capital financing activities	\$ (60,930)	\$ (326,977)
<b>Net change in cash and cash equivalents</b>	\$ (96,033)	\$ 685,740
<b>Cash and cash equivalents, beginning of year</b>	<u>2,363,466</u>	<u>1,677,726</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,267,433</u>	<u>\$ 2,363,466</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ (423,737)	\$ 330,870
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>		
Depreciation	358,904	278,989
Net pension activity	(74,640)	(71,373)
<b>Changes in assets and liabilities:</b>		
Prepaid items	80	(80)
Due from other governments	(53,866)	415,009
Accounts receivable	(1,750)	(117)
Accounts payable and accrued liabilities	(115,522)	28,752
Compensation payable	(245)	(2,891)
Amounts due participating localities	225,134	-
Net OPEB obligation	21,000	24,000
Compensated absences	22,080	4,350
Net cash provided by (used for) operating activities	\$ (42,562)	\$ 1,007,509

See accompanying notes to financial statements.

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016

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#### **NOTE 1 - FINANCIAL REPORTING ENTITY:**

Blue Ridge Juvenile Detention Commission was created in October 1998 by the City of Charlottesville and the Counties of Albemarle, Fluvanna and Greene to finance, construct, equip, maintain and operate a regional juvenile detention facility. The Commission is a jointly governed organization of the member jurisdictions. The Commission commenced operations on July 14, 2002. In fiscal year 2008, the County of Culpeper joined the Commission.

#### **NOTE 2 - OPERATING ACTIVITIES:**

The detention facility consists of 40 detention beds. The members are assessed a pro-rata share of the operating expenses in proportion to their respective use of the facility for each detainee they commit to the Commission's custody. The operating charges are to be collected in advance at the beginning of each quarter of each fiscal year based on the operating member percentages established by the member's respective usage during the preceding fiscal year. These amounts are subject to an annualized adjustment based on actual usage after the end of the fiscal year. Charges to nonmember jurisdictions will be based upon an established per diem charge as the Commission may deem advisable for the care, maintenance and subsistence of their detainees. The Commonwealth of Virginia may provide capital and/or operating expense reimbursement grants to the Commission. These funds are subject to the provisions of any bond indenture or financing documents requiring specific application of such funds.

The debt service portion of the Commission's expenses will be allocated among the members, except for Charlottesville and Albemarle, by billing them for the debt service component of the per diem charge based on their respective usage. Charlottesville and Albemarle agreed that their share of the debt service expenses will be calculated by applying the debt service component of the per diem charge to their combined usage and billing the resulting amount equally (50%) to each.

#### **NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

##### **Basis of Accounting:**

The Commission operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash.

##### **Cash and Cash Equivalents:**

The Commission's cash and cash equivalents consist of demand deposits, certificates of deposit, overnight repurchase agreements and short-term U.S. Governmental obligations, with an original maturity of three months or less, all of which are readily convertible to known amounts of cash.

##### **Capital Assets:**

Capital assets are capitalized at cost in the year the expenditure is incurred. The Commission's policy is to capitalize assets whose cost equals or exceeds \$5,000 and have an estimated useful life greater than one year. Donated capital assets are valued at their acquisition value on the date donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	40 Years
Equipment and vehicles	5 Years

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

##### Operating and Nonoperating Revenues and Expenses:

Operating revenues and expenses are defined as those items that result from providing services, and include all transactions and events which are not capital and related financing, noncapital financing or investing activities. Nonoperating revenues are defined as grants, investment and other income. Nonoperating expenses are defined as capital and noncapital related financing and other expenses.

##### Compensated Absences:

The Commission records liabilities for accrued vacation and sick leave at various amounts based on the length of service. Benefits or pay are received for unused annual leave or retirement bonus upon termination. There are various restrictions both for annual leave and retirement bonus upon termination of employment. Accumulated vacation up to 40 days is paid upon termination of employment. Compensated absences increased from \$160,273 in FY15 to \$182,353 in FY16 or an increase of \$22,080.

##### Net Position:

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

##### Net Position Flow Assumption:

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

##### Pensions:

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's Retirement Plan and the additions to/deductions from the Commission's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

##### Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission only has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset measurement date, which will be recognized as an increase to the net pension asset next fiscal year. For more detailed information on this item, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension asset are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on this item, reference the pension note.

##### Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

##### Comparative Amounts:

Comparative amounts are presented for informational purposes only.

##### Adoption of Accounting Principles:

##### Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

The Commission early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### **NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **Upcoming Pronouncements:**

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

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

#### **NOTE 4 - DEPOSITS AND INVESTMENTS:**

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% excess deposits. Accordingly, all deposits are considered fully collateralized.

The Commission's cash and cash equivalents are a part of the pooled cash and investments of the County of Albemarle, Virginia, the fiscal agent for the Commission. At year end, all of the County's deposits with banks were covered by depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Deposits covered by the Act are considered insured since the State Treasury Board is authorized to make assessments against other member institutions that hold public deposits. At year end the County investments were only of the type of securities authorized by the laws of the Commonwealth of Virginia.

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 5 - DUE FROM OTHER GOVERNMENTS:**

Receivables and amounts due from other governments are as follows:

	<u>2016</u>
Accounts receivable:	
Other	\$ 3,150
Total accounts receivable	<u>\$ 3,150</u>
Due from other governmental units:	
County of Albemarle	\$ 46,746
City of Charlottesville	131,892
County of Greene	11,558
County of Culpeper	89,395
Commonwealth of Virginia	5,675
Other	489
Total due from other governmental units	<u>\$ 285,755</u>
Total receivables	<u><u>\$ 288,905</u></u>

**NOTE 6 - CAPITAL ASSETS:**

Changes in capital assets are summarized below:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 417,115	\$ -	\$ -	\$ 417,115
Capital assets being depreciated:				
Building and improvements	\$ 10,689,007	\$ 29,850	\$ -	\$ 10,718,857
Equipment	414,740	52,418	-	467,158
Vehicles	116,983	-	-	116,983
Total capital assets being depreciated	<u>\$ 11,220,730</u>	<u>\$ 82,268</u>	<u>\$ -</u>	<u>\$ 11,302,998</u>
Accumulated depreciation:				
Building and improvements	\$ 3,268,904	\$ 271,362	\$ -	\$ 3,540,266
Equipment	396,372	80,789	-	477,161
Vehicles	106,851	6,753	-	113,604
Total accumulated depreciation	<u>\$ 3,772,127</u>	<u>\$ 358,904</u>	<u>\$ -</u>	<u>\$ 4,131,031</u>
Total capital assets being depreciated, net	<u>\$ 7,448,603</u>	<u>\$ (276,636)</u>	<u>\$ -</u>	<u>\$ 7,171,967</u>
Net capital assets	<u><u>\$ 7,865,718</u></u>	<u><u>\$ (276,636)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,589,082</u></u>

Depreciation expense was \$358,904 for 2016.

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

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**NOTE 7 - REVENUE BONDS:**

Debt obligations consist of long-term revenue bonds.

\$8,540,000 revenue bonds, dated October 1, 1999, bear interest at the rate of 5.02% and are payable in various semi-annual installments of principal and interest beginning October 1, 2002 through April 1, 2017. The balance of these bonds was \$780,000 at June 30, 2016.

Maturities of principal and interest payments on the long-term revenue bonds are as follows:

Fiscal Year	Revenue Bonds	
	Principal	Interest
2017	\$ 780,000	\$ 29,929
Total	\$ 780,000	\$ 29,929

The following details the changes in long-term obligation debt.

Balance, July 1, 2015	\$ 1,530,000
Principal payments	(750,000)
Balance, June 30, 2016	<u>\$ 780,000</u>

*Remainder of this page left blank intentionally.*



# BLUE RIDGE JUVENILE DETENTION COMMISSION

## Notes to Financial Statements As of June 30, 2016 (Continued)

### NOTE 8 - PENSION PLAN:

#### *Plan Description*

All full-time, salaried permanent employees of Blue Ridge Juvenile Detention Commission are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Plan Description (Continued)*

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Plan Description (Continued)*

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Plan Description (Continued)*

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Plan Description (Continued)*

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Plan Description (Continued)*

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Plan Description (Continued)*

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Plan Description (Continued)*

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



BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Plan Description (Continued)*

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Plan Description (Continued)*

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Plan Description (Continued)*

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

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### **NOTE 8 - PENSION PLAN: (Continued)**

##### *Employees Covered by Benefit Terms*

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	5
Inactive members:	
Vested inactive members	2
Non-vested inactive members	13
Inactive members active elsewhere in VRS	<u>18</u>
Total inactive members	33
Active members	<u>40</u>
Total covered employees	<u><u>78</u></u>

##### *Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Blue Ridge Juvenile Detention Commission's contractually required contribution rate for the year ended June 30, 2016 was 6.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from Blue Ridge Juvenile Detention Commission were \$112,692 and \$113,418 for the years ended June 30, 2016 and June 30, 2015, respectively.

##### *Net Pension Asset*

Blue Ridge Juvenile Detention Commission's net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### NOTE 8 - PENSION PLAN: (Continued)

##### *Actuarial Assumptions - General Employees*

The total pension liability for General Employees in Blue Ridge Juvenile Detention Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

##### Largest 10 - Non-LEOS:

###### Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

###### Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

###### Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

##### All Others (Non 10 Largest) - Non-LEOS:

###### Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

###### Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

###### Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### NOTE 8 - PENSION PLAN: (Continued)

##### *Actuarial Assumptions - General Employees (Continued)*

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

##### Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

##### All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

##### *Actuarial Assumptions - Public Safety Employees*

The total pension liability for Public Safety employees in Blue Ridge Juvenile Detention Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### NOTE 8 - PENSION PLAN: (Continued)

##### *Actuarial Assumptions - Public Safety Employees (Continued)*

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

# BLUE RIDGE JUVENILE DETENTION COMMISSION

## Notes to Financial Statements As of June 30, 2016 (Continued)

### NOTE 8 - PENSION PLAN: (Continued)

#### *Long-Term Expected Rate of Return*

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.



BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Blue Ridge Juvenile Detention Commission Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability (Asset)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	\$ 2,218,001	\$ 2,275,338	\$ (57,337)
Changes for the year:			
Service cost	\$ 177,119	\$ -	\$ 177,119
Interest	152,459	-	152,459
Differences between expected and actual experience	(22,146)	-	(22,146)
Contributions - employer	-	112,081	(112,081)
Contributions - employee	-	86,383	(86,383)
Net investment income	-	108,003	(108,003)
Benefit payments, including refunds of employee contributions	(80,025)	(80,025)	-
Administrative expenses	-	(1,335)	1,335
Other changes	-	(23)	23
Net changes	\$ 227,407	\$ 225,084	\$ 2,323
Balances at June 30, 2015	\$ 2,445,408	\$ 2,500,422	\$ (55,014)

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Financial Statements  
As of June 30, 2016 (Continued)

**NOTE 8 - PENSION PLAN: (Continued)**

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

The following presents the net pension liability (asset) of Blue Ridge Juvenile Detention Commission using the discount rate of 7.00%, as well as what Blue Ridge Juvenile Detention Commission's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		(6.00%)	(7.00%)	(8.00%)
Commission				
Net Pension Liability (Asset)	\$	355,175	\$ (55,014)	\$ (385,250)

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

For the year ended June 30, 2016, Blue Ridge Juvenile Detention Commission recognized pension expense of \$54,314. At June 30, 2016, Blue Ridge Juvenile Detention Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 17,599
Net difference between projected and actual earnings on pension plan investments	-	55,885
Employer contributions subsequent to the measurement date	112,692	-
Total	\$ 112,692	\$ 73,484

\$112,692 reported as deferred outflows of resources related to pensions resulting from Blue Ridge Juvenile Detention Commission's contributions subsequent to the measurement date will be recognized as an increase to the Net Pension Asset in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the future reporting periods as follows:

Year ended June 30	
2017	\$ (26,867)
2018	(26,867)
2019	(26,865)
2020	7,115
Thereafter	-

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### **NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS-VERIP:**

##### **A. Plan Description**

The Albemarle County Voluntary Early Retirement Incentive Program (VERIP) is a single-employer defined benefit plan. VERIP benefits are paid monthly for a period of five years or until age 65, whichever comes first. In addition to the monthly stipend, the County will pay an amount equivalent to the Board's annual contribution toward medical insurance. Participants may accept it as a cash payment, or apply it toward the cost of the continuation of their County medical/dental benefits. To be eligible, employees must meet the age and service criteria for reduced VRS retirement and be a current employee at least 50 years of age and have been employed by the County in a benefits-eligible position for 10 of the last 13 years prior to retirement. The plan is administered by the County and does not have a separate financial report.

##### **B. Funding Policy**

The Albemarle County government establishes employer medical contribution rates for all medical plan participants as part of the budgetary process each year. The County also determines how the plan will be funded each year, whether it will partially fund the plan or fully fund the plan. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

##### **C. Annual OPEB Cost and Net OPEB Obligation**

The annual cost of other postemployment benefits (OPEB) under GASB 45 is called the annual required contribution or ARC. The estimated pay-as-you-go cost for OPEB benefits is \$20,000 for the Blue Ridge Juvenile Detention Commission for fiscal year 2016. The Blue Ridge Juvenile Detention Commission has elected not to pre-fund OPEB liabilities. The Commission is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The unfunded liability is amortized over a closed 30 year period (as of July 1, 2007) as a level percentage of payroll.

The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Estimated Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 30,000	\$ 8,000	27%	\$ 179,000
June 30, 2015	32,000	8,000	25%	203,000
June 30, 2016	41,000	20,000	49%	224,000

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS-VERIP: (Continued)

##### C. Annual OPEB Cost and Net OPEB Obligation (Continued)

For 2016, the Commission's estimated contribution of \$20,000 was less than the annual OPEB cost. The Commission's annual OPEB cost, the estimated contributions made, and the increase in net OPEB obligation are as follows:

	<u>Blue Ridge Juvenile Detention Commission</u>
Annual required contribution	\$ 43,000
Interest on net OPEB obligation	7,000
Adjustment to annual required contribution	(9,000)
Annual OPEB cost (expense)	\$ 41,000
Contributions made	20,000
Increase (decrease) in net OPEB obligation	\$ 21,000
Net OPEB obligation - beginning of year	203,000
Net OPEB obligation - end of year	\$ 224,000

##### D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 388,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	388,000
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	1,450,101
UAAL as a percentage of covered payroll	27%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS-VERIP: (Continued)

##### E. Actuarial Methods and Assumptions

###### Cost Method

The valuation uses the projected unit credit method with linear pro-ratio to assumed benefit commencement.

###### Coverage Status and Age of Spouse

Actual medical coverage status was used in the valuation. Females are assumed to be 3 years younger than male spouses. Employees with individual coverage are assumed to elect individual coverage at retirement while those with family/spouse coverage are assumed to continue family/spouse coverage at retirement. All of the active participants who are eligible to retire under the County's Voluntary Early Retirement Incentive Program (VERIP) will take the flat dollar subsidy, which for FY 16 is \$8,388. The VERIP Subsidy is assumed to increase at a flat rate of 3% per year. It is assumed that 50% of active employees currently enrolled in the health care plan will continue in the plan upon retiring from active service. Medical and prescription drugs are assumed to increase at rates ranging from 7.0% in FY 17 to 6.1% in FY 26.

The assumptions and calculations are based on the past three years of premium rates at the time of the valuation and the sharing of costs between the employer and plan members.

	Percentage
Discount rate	3.50%
Payroll growth	4.00%
Inflation rate	3.00%
Investment return	4.00%
VERIP increase	3.00%

The UAAL is being amortized as a level percentage of projected payroll on an open basis.

###### Medical Trend Assumption

Based on the Society of Actuaries long-run medical cost trend model, as revised November 2015, 1.6% GDP.

Trends for the next ten years are as follows:

Fiscal Year Ended	Percentage	Fiscal Year Ended	Percentage
2017	6.00%	2022	6.20%
2018	6.40%	2023	6.10%
2019	6.40%	2024	6.10%
2020	6.20%	2025	6.10%
2021	6.20%	2026	6.10%

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS-VERIP: (Continued)

##### E. Actuarial Methods and Assumptions (Continued)

The following chart shows explicit costs, total medical costs, and drug costs between pre and post Medicare as well as single and family coverage:

	<u>Total Costs</u>	<u>Single</u>	<u>Family</u>
1. Explicit Costs			
a. Pre-medicare	\$ 9,762	\$ 11,910	
b. Medicare age	-	-	
2. Total Medical Costs			
a. Under 50	\$ 5,691	\$ 11,497	
b. Age 50-54	6,775	13,686	
c. Age 55-59	7,818	15,792	
d. Age 60-44	9,277	18,740	
e. Over Age 65	-	-	
3. Total Drug Costs			
a. Under 50	\$ 1,549	\$ 3,129	
b. Age 50-54	1,974	3,987	
c. Age 55-59	2,338	4,724	
d. Age 60-44	2,672	5,398	
e. Over Age 65	-	-	

#### NOTE 10 - RISK MANAGEMENT:

The Commission insures for the risk of loss through the purchase of insurance through commercial insurance carriers and through participation in public interest risk pools.

The Commission continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

#### NOTE 11 - INTEREST COSTS:

The Commission incurred interest costs of \$50,067 during the year of which all was expensed.

#### NOTE 12 - OPERATING RESERVE FUND:

As a requirement of the facility construction bond issue, the Commission is required to fund an operating reserve equal to 25% of the Commission's operating budget. At June 30, 2016 this fund totaled \$813,358, and the reserve fund requirements were met.

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Financial Statements As of June 30, 2016 (Continued)

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#### **NOTE 13 - FISCAL AGENT:**

The County of Albemarle serves as fiscal agent for the Commission. As a part of the fiscal agent agreement, the County provides treasury, accounting, purchasing and personnel services for the Commission.

#### **NOTE 14 - LITIGATION:**

At June 30, 2016, there were no matters of litigation involving the Commission which would materially affect the Commission's position should any court decisions on pending matters not be favorable.

#### **NOTE 15 - DETAINEE COST PER DIEM:**

The Commission's detainee days totaled 6,746 for the year ended June 30, 2016 and 8,425 for 2015. Costs incurred in the operation of the Commission are as follows:

	<u>2016</u>	<u>2015</u>
Total operating expenses per budgetary basis	\$ 3,211,969	\$ 3,375,854
Less:		
Charges to others for detainee care and other sources	(790,484)	(718,847)
Reimbursed expenditures from the Commonwealth	<u>(848,015)</u>	<u>(789,672)</u>
Net cost to participant localities	\$ <u>1,573,470</u>	\$ <u>1,867,335</u>
Total detainee days for participant localities	<u>6,746</u>	<u>8,425</u>
Actual local cost per diem	\$ <u>233.24</u>	\$ <u>221.64</u>

- Required Supplementary Information -



**BLUE RIDGE JUVENILE DETENTION COMMISSION**

**Schedule of Components of and Changes in Net Pension Asset and Related Ratios  
Years Ended June 30, 2016 and 2015**

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 177,119	\$ 142,904
Interest	152,459	137,921
Differences between expected and actual experience	(22,146)	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(80,025)	(66,248)
<b>Net change in total pension liability</b>	\$ 227,407	\$ 214,577
<b>Total pension liability - beginning</b>	<u>2,218,001</u>	<u>2,003,424</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 2,445,408</u></u>	<u><u>\$ 2,218,001</u></u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 112,081	\$ 128,298
Contributions - employee	86,383	73,311
Net investment income	108,003	300,519
Benefit payments, including refunds of employee contributions	(80,025)	(66,248)
Administrative expense	(1,335)	(1,492)
Other	(23)	16
<b>Net change in plan fiduciary net position</b>	\$ 225,084	\$ 434,404
<b>Plan fiduciary net position - beginning</b>	<u>2,275,338</u>	<u>1,840,934</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 2,500,422</u></u>	<u><u>\$ 2,275,338</u></u>
 <b>Commission's net pension liability (asset) - ending (a) - (b)</b>	\$ (55,014)	\$ (57,337)
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	102.25%	102.59%
 <b>Covered payroll</b>	\$ 1,744,886	\$ 1,470,248
 <b>Commission's net pension liability (asset) as a percentage of covered payroll</b>	-3.15%	-3.90%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

**BLUE RIDGE JUVENILE DETENTION COMMISSION**

**Schedule of Employer Contributions  
Last Ten Fiscal Years**

<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contribution (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
2016	\$ 112,692	\$ 112,692	\$ -	\$ 1,733,722	6.50%
2015	113,418	113,418	-	1,744,886	6.50%
2014	128,500	128,500	-	1,470,248	8.74%
2013	117,674	117,674	-	1,346,380	8.74%
2012	80,774	80,774	-	1,274,036	6.34%
2011	82,193	82,193	-	1,296,417	6.34%
2010	69,367	69,367	-	1,284,570	5.40%
2009	72,087	72,087	-	1,334,947	5.40%
2008	76,287	76,287	-	1,350,218	5.65%
2007	74,094	74,094	-	1,311,396	5.65%

Current year contributions are from Detention records and prior year contributions are from the VRS actuarial valuation performed each year.

## BLUE RIDGE JUVENILE DETENTION COMMISSION

### Notes to Required Supplementary Information For the Year Ended June 30, 2016

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In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

**Changes of assumptions** - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

**Largest 10 - Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**Largest 10 - LEOS:**

- Update mortality table
- Decrease in male rates of disability

**All Others (Non 10 Largest) - Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**All Others (Non 10 Largest) - LEOS:**

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

BLUE RIDGE JUVENILE DETENTION COMMISSION

Schedule of Other Postemployment Benefits Funding  
Last Three Fiscal Years

Other Postemployment Benefits:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
	(a)	(b)	(b-a)			
June 30, 2013	\$ -	\$ 228,000	\$ 228,000	0.00%	\$ 1,281,339	17.79%
June 30, 2014	-	250,000	250,000	0.00%	1,450,101	17.24%
June 30, 2015	-	388,000	388,000	0.00%	1,450,101	26.76%

- Other Supplementary Information -

**BLUE RIDGE JUVENILE DETENTION COMMISSION**

**Schedule of Revenues and Expenses - Operating Fund  
Budgetary Basis  
Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>				
Charges for services:				
Care of detainees:				
County of Albemarle	\$ 504,503	\$ 504,503	\$ 369,915	\$ (134,588)
City of Charlottesville	749,431	749,431	581,750	(167,681)
County of Greene	131,348	131,348	94,663	(36,685)
County of Fluvanna	178,893	178,893	136,130	(42,763)
County of Culpeper	263,418	263,418	194,999	(68,419)
Other	657,000	657,000	790,484	133,484
Total charges for services	<u>\$ 2,484,593</u>	<u>\$ 2,484,593</u>	<u>\$ 2,167,941</u>	<u>\$ (316,652)</u>
Miscellaneous:				
Other	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 9,309</u>	<u>\$ 1,309</u>
Recovered costs:				
Region Ten	\$ 16,800	\$ 16,800	\$ 15,400	\$ (1,400)
Other recovered costs	<u>-</u>	<u>-</u>	<u>23,372</u>	<u>23,372</u>
Total recovered costs	<u>\$ 16,800</u>	<u>\$ 16,800</u>	<u>\$ 38,772</u>	<u>\$ 21,972</u>
Intergovernmental:				
Commonwealth of Virginia:				
Department of Juvenile Justice	\$ 819,275	\$ 819,275	\$ 823,677	\$ 4,402
Other	<u>4,000</u>	<u>4,000</u>	<u>24,338</u>	<u>20,338</u>
Total Commonwealth of Virginia	<u>\$ 823,275</u>	<u>\$ 823,275</u>	<u>\$ 848,015</u>	<u>\$ 24,740</u>
Federal government:				
USDA	<u>\$ 23,000</u>	<u>\$ 23,000</u>	<u>\$ 26,858</u>	<u>\$ 3,858</u>
Total intergovernmental	<u>\$ 846,275</u>	<u>\$ 846,275</u>	<u>\$ 874,873</u>	<u>\$ 28,598</u>
Total operating revenues	<u>\$ 3,355,668</u>	<u>\$ 3,355,668</u>	<u>\$ 3,090,895</u>	<u>\$ (264,773)</u>
<b>Expenses:</b>				
Compensation and related items:				
Salaries and wages	\$ 1,887,547	\$ 1,887,547	\$ 1,857,283	\$ 30,264
Fringes:				
Social Security and Medicare taxes	144,397	144,397	131,862	12,535
Retirement	123,691	123,691	126,678	(2,987)
Health insurance	340,710	340,710	337,374	3,336
Dental insurance	9,922	9,922	8,333	1,589
Life insurance	22,462	22,462	20,951	1,511
Unemployment	3,000	3,000	-	3,000
Workers' compensation	22,000	22,000	45,735	(23,735)
Other expenses	<u>7,000</u>	<u>7,000</u>	<u>924</u>	<u>6,076</u>
Total compensation and related items	<u>\$ 2,560,729</u>	<u>\$ 2,560,729</u>	<u>\$ 2,529,140</u>	<u>\$ 31,589</u>

BLUE RIDGE JUVENILE DETENTION COMMISSION

Schedule of Revenues and Expenses - Operating Fund

Budgetary Basis

Year Ended June 30, 2016 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Expenses: (continued)				
Contractual:				
Legal	\$ 18,360	\$ 18,360	\$ 18,000	\$ 360
Professional services	12,000	12,000	15,026	(3,026)
Health services	19,000	19,000	19,717	(717)
Audit	4,200	4,200	4,500	(300)
Repairs and maintenance	33,200	33,200	33,043	157
Maintenance contracts	92,000	92,000	66,955	25,045
Printing and binding	-	-	46	(46)
Advertising	400	400	-	400
Refuse collection	1,100	1,100	1,267	(167)
Administration fees	63,793	63,793	56,323	7,470
Other contractual	4,400	4,400	4,411	(11)
Total contractual	\$ 248,453	\$ 248,453	\$ 219,288	\$ 29,165
Other charges:				
Data processing	\$ 40,000	\$ 40,000	\$ 29,744	\$ 10,256
Electrical	67,000	67,000	67,002	(2)
Heating	28,000	28,000	10,578	17,422
Water and sewer	8,000	8,000	9,256	(1,256)
Postal services	600	600	1,594	(994)
Telecommunications	25,000	25,000	24,319	681
Fire insurance	35,000	35,000	29,424	5,576
Training - Academy	2,000	2,000	7,741	(5,741)
Travel - subsistence	6,000	6,000	5,926	74
Miscellaneous	1,000	1,000	1,263	(263)
Dues and memberships	450	450	649	(199)
Materials and supplies	3,500	3,500	2,207	1,293
Office supplies	6,800	6,800	7,509	(709)
Food supplies	83,000	83,000	105,379	(22,379)
Medical and lab supplies	8,000	8,000	7,525	475
Laundry and janitorial supplies	18,000	18,000	17,186	814
Linen supplies	2,000	2,000	1,829	171
Uniforms - inmates	4,000	4,000	4,341	(341)
Repair and maintenance supplies	10,500	10,500	10,743	(243)
Vehicle and equipment fuel	3,600	3,600	1,587	2,013
Vehicle and equipment repairs	2,600	2,600	1,461	1,139
Police supplies	2,000	2,000	1,099	901
Uniforms and apparel	5,000	5,000	6,363	(1,363)
Books and subscriptions	2,000	2,000	992	1,008
Education and recreation supplies	12,000	12,000	9,771	2,229
Recreation supplies	5,000	5,000	4,513	487
Copy expense	600	600	377	223
Regional jail	18,000	18,000	36,000	(18,000)
Curry school	5,000	5,000	5,000	-
Total other charges	\$ 404,650	\$ 404,650	\$ 411,378	\$ (6,728)

BLUE RIDGE JUVENILE DETENTION COMMISSION

Schedule of Revenues and Expenses - Operating Fund  
 Budgetary Basis  
 Year Ended June 30, 2016 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
<b>Expenses: (continued)</b>				
Capital outlay:				
Machinery and equipment	\$ 30,600	\$ 30,600	\$ 43,532	\$ (12,932)
Furniture and fixtures	-	-	2,043	(2,043)
Communication equipment	2,500	2,500	950	1,550
Lease/rent equipment	6,500	6,500	5,638	862
Contingency	102,236	102,236	-	102,236
Total capital outlay	\$ 141,836	\$ 141,836	\$ 52,163	\$ 89,673
Total expenses	\$ 3,355,668	\$ 3,355,668	\$ 3,211,969	\$ 143,699
<b>Net operating income (loss)</b>	\$ -	\$ -	\$ (121,074)	\$ (121,074)
<b>Nonoperating revenues:</b>				
Interest income	\$ -	\$ -	\$ 7,459	\$ 7,459
Net nonoperating revenue	\$ -	\$ -	\$ 7,459	\$ 7,459
<b>Excess (deficiency) of revenues over     (under) expenses</b>	\$ -	\$ -	\$ (113,615)	\$ (113,615)

The budgetary data presented above is on the modified accrual basis of accounting which is in accordance with generally accepted accounting principles.



BLUE RIDGE JUVENILE DETENTION COMMISSION

Reconciliation of the Schedule of Revenues and Expenses - Operating Fund  
- Budgetary Basis to the Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2016

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Reconciliation of excess (deficiency) of revenues over (under) expenses to  
changes in net position per the Statement of Revenues,  
Expenses and Changes in Net Position:

Excess (Deficiency) of revenues over(under) expenses per budgetary basis schedule	\$ (113,615)
Depreciation expense	(358,904)
Acquisition of capital assets	82,268
Capital outlay expenditures in capital fund not reported on budgetary schedule	(79,667)
Net GASB 68 pension activity	74,640
Other postemployment benefits	(21,000)
Debt service fund revenues	821,405
Debt service fund interest expenses	<u>(50,067)</u>
Changes in net position, per statement of revenues, expenses, and changes in net position	\$ <u><u>355,060</u></u>

- Compliance -

# ROBINSON, FARMER, COX ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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TO THE MEMBERS OF  
BLUE RIDGE JUVENILE DETENTION COMMISSION  
CHARLOTTESVILLE, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Blue Ridge Juvenile Detention Commission as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blue Ridge Juvenile Detention Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Blue Ridge Juvenile Detention Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Blue Ridge Juvenile Detention Commission's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blue Ridge Juvenile Detention Commission'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
November 10, 2016