

**NORTHERN VIRGINIA JUVENILE
DETENTION CENTER**

ANNUAL FINANCIAL REPORT

YEARS ENDED JUNE 30, 2016 & 2015

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INDEPENDENT AUDITORS' REPORT

To the Commissioners
Juvenile Detention Commission for Northern Virginia
Alexandria, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the Northern Virginia Juvenile Detention Center, a business-type activity (enterprise fund) of the Juvenile Detention Commission for Northern Virginia, as of and for the fiscal years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Northern Virginia Juvenile Detention Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



To the Commissioners
Juvenile Detention Commission for Northern Virginia

Auditor's Responsibility - Continued

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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northern Virginia Juvenile Detention Center, a business-type activity (enterprise fund) of the Juvenile Detention Commission for Northern Virginia, as of June 30, 2016 and 2015, and the respective change in financial position and cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management Discussion and Analysis

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

Schedule of Changes in Net Pension Liability & Related Ratios &

Schedule of Employer Contributions & Notes to Supplemental Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net position liability and related ratios and the schedule of employer contributions and notes to the supplemental information as listed in the table of contents 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.

To the Commissioners
Juvenile Detention Commission for Northern Virginia

Other Matters – Continued

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Northern Virginia Juvenile Detention Center, a business-type activity (enterprise fund) of the Juvenile Detention Commission for Northern Virginia's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of expenditures of federal awards 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 basis 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2016, on our consideration of the Northern Virginia Juvenile Detention Center, a business-type activity (enterprise fund) of the Juvenile Detention Commission for Northern Virginia, 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 Northern Virginia Juvenile Detention Center, a business-type activity (enterprise fund) of the Juvenile Detention Commission for Northern Virginia, internal control over financial reporting and compliance.



**Frye & Company, CPAs
Manassas, Virginia
November 12, 2016**

NORTHERN VIRGINIA JUVENILE DETENTION CENTER

**STATEMENTS OF NET POSITION
- PROPRIETARY FUND -**

AS OF JUNE 30, 2016 & 2015

Business-Type Activity - Enterprise Fund

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and cash equivalents:		
Unrestricted	\$ 245,595	\$ 2,484,212
Restricted	56,847	35,125
Marketable securities	5,007,921	5,016,337
Grant and other receivables, net	843,370	531,079
Prepaid expenses and other	103,433	96,290
Total current assets	<u>6,257,166</u>	<u>8,163,043</u>
Capital assets:		
Land	23,024	23,024
Building and improvements	5,317,079	5,221,941
Furniture and equipment	2,680,537	2,648,028
Transportation equipment	108,412	123,027
Capital assets, at cost	<u>8,129,052</u>	<u>8,016,020</u>
Accumulated depreciation	<u>(5,123,487)</u>	<u>(4,689,813)</u>
Capital assets, net	<u>3,005,565</u>	<u>3,326,207</u>
Total assets	<u>9,262,731</u>	<u>11,489,250</u>
Deferred Outflows of Resources		
Pension contribution subsequent to measurement date	<u>501,963</u>	<u>260,811</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	130,207	134,920
Accrued payroll and related taxes	182,066	144,942
Accrued compensated absences	470,894	458,757
Accrued pension liability	377,687	267,901
Deferred grant revenue	-	24,115
Total current liabilities	<u>1,160,854</u>	<u>1,030,635</u>
Long-term liabilities:	<u>-</u>	<u>-</u>
Total liabilities	<u>1,160,854</u>	<u>1,030,635</u>
Deferred Inflows of Resources		
Net difference in earnings on pension plan investments	<u>588,921</u>	<u>701,713</u>
Net Position		
Net investment in capital assets	3,005,565	3,326,207
Restricted	56,847	35,125
Unrestricted	<u>4,953,506</u>	<u>6,656,381</u>
Total Net Position	<u><u>\$ 8,014,919</u></u>	<u><u>\$ 10,017,713</u></u>

See accompanying auditors' report and notes to financial statements.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
STATEMENTS OF REVENUE, EXPENSE & CHANGE IN NET POSITION
- PROPRIETARY FUND -

YEARS ENDED JUNE 30, 2016 & 2015

Business-Type Activity - Enterprise Fund

	<u>2016</u>	<u>2015</u>
Operating Revenue and Support		
Local operating assessments	\$ 637,369	\$ 3,381,338
Grant and contractual income	2,690,179	2,102,502
Contributed educational services	1,554,304	1,605,598
State grants and reimbursements	1,526,665	1,569,131
USDA grant and reimbursements	85,474	90,397
Administrative support and other	19,441	19,501
Total operating revenue and support	6,513,432	8,768,467
Operating Expenses		
Salaries and wages	4,117,339	3,848,040
Contributed educational services	1,554,304	1,605,598
Employee benefits	1,176,077	1,373,042
Operating and administrative costs	550,885	622,908
Depreciation and amortization	452,377	475,036
Direct federal contract costs	282,813	108,342
Contractual services and contractors	182,288	156,285
USDA funded expenses	70,310	100,551
Repairs and maintenance	47,277	54,790
Professional fees	39,936	26,500
Liability insurance	20,694	22,575
Automobile and other	12,266	15,495
Total operating expenses	8,506,566	8,409,162
Operating Income (Loss)	(1,993,134)	359,305
Other Income (Expense)		
Net investment income (loss)	(8,417)	49,178
Loss on disposition of assets	(1,243)	-
Total other income (expense)	(9,660)	49,178
Change in Net Position	(2,002,794)	408,483
Total net position, beginning of year	10,017,713	10,299,697
Implementation of GASB No. 68	-	(690,467)
Total net position, beginning of year, restated	10,017,713	9,609,230
Total Net Position, End of Year	<u>\$ 8,014,919</u>	<u>\$ 10,017,713</u>

See accompanying auditors' report and notes to financial statements.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER

**STATEMENTS OF CASH FLOWS
- PROPRIETARY FUND -**

YEARS ENDED JUNE 30, 2016 & 2015

Business-Type Activity - Enterprise Fund

	2016	2015
Cash Provided (Used) by Operating Activities		
Cash received from assessments, grants, and contracts	\$ 4,603,281	\$ 7,257,718
Payments for employees and benefits	(5,488,313)	(5,232,026)
Payments to suppliers and vendors	(1,218,325)	(1,154,089)
Other operating receipts and reimbursements	19,441	19,501
Net cash provided (used) by operating activities	<u>(2,083,916)</u>	<u>891,104</u>
Cash Provided (Used) by Investing Activities		
Investments in marketable securities	(584,299)	(5,688,438)
Redemptions of marketable securities	592,715	1,639,268
Investment income	25,202	73,762
Investment advisory fees	(33,619)	(24,584)
Net cash provided (used) by non-capital financing activities	<u>(1)</u>	<u>(3,999,992)</u>
Cash Provided (Used) by Capital and Related Financing Activities		
Purchases of capital assets and improvements	<u>(132,978)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(132,978)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,216,895)	(3,108,888)
Cash and cash equivalents, beginning of year	<u>2,519,337</u>	<u>5,628,225</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 302,442</u></u>	<u><u>\$ 2,519,337</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (1,993,134)	\$ 359,305
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	452,377	475,036
Implementation of GASB No. 68	-	(690,467)
Change in assets and liabilities:		
Grant and other receivables	(312,291)	90,235
Prepaid expenses and other	(7,143)	(84,462)
Accounts payable and accrued expenses	(4,713)	37,819
Accrued payroll and related taxes	37,124	(30,346)
Accrued compensated absences	12,137	1,066
Accrued pension liability and other	(244,158)	708,803
Deferred grant revenue	(24,115)	24,115
Total adjustments	<u>(90,782)</u>	<u>531,799</u>
Net cash provided (used) by operating activities	<u><u>\$ (2,083,916)</u></u>	<u><u>\$ 891,104</u></u>
Supplemental Non-Cash Investing, Capital and Financing Activities		
Contributed educational services by participating jurisdiction	\$ 1,554,304	\$ 1,605,598
Unrealized gain (loss) on marketable securities	<u>\$ (139,755)</u>	<u>\$ (130,753)</u>

See accompanying auditors' report and notes to financial statements.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note A – Organization and Summary of Significant Accounting Policies

Organization: The Juvenile Detention Commission for Northern Virginia (the “Commission”) was organized in July 1956 by the participating jurisdictions of the Counties of Arlington and Fairfax and Cities of Alexandria and Falls Church. The Commission is a political subdivision of the Commonwealth of Virginia and manages the Northern Virginia Juvenile Detention Center (the “Detention Center”) and a related affiliate, Sheltercare of Northern Virginia (“Sheltercare”). Effective July 1994, the County of Fairfax ceased monetary support and representation on the Commission. In the event of future liquidation, the County of Fairfax would participate in any remaining liquidating distributions. The participating jurisdictions appoint representatives to the Commission who oversee the operations of the Detention Center and Sheltercare. Currently, commissioners consist of two representatives from City of Alexandria, two representatives from the County of Arlington, and one representative from the City of Falls Church.

The Detention Center is a secure, predisposition institution for adolescents being held for juvenile court proceedings primarily in the participating jurisdictions. The Detention Center is certified by the Board of Juvenile Justice under the Department of Juvenile Justice’s Standards for Juvenile Residential Facilities and the Standards for Interdepartmental Regulation of Children’s Residential Facilities. The Commission also manages Sheltercare, a separate youth shelter center for adolescents, which is located in a separate facility on the same property.

Reporting Entity: The accompanying financial statements are those of the Detention Center, a business-type activity (enterprise fund) of the Juvenile Detention Commission for Northern Virginia, only and do not include the accounts or activities of the related affiliate, Sheltercare. The accompanying financial statements are not those of the primary reporting entity. Please see the Commission and related affiliate, Sheltercare, for separately presented financial statements.

Basis of Presentation and Accounting: The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Detention Center is treated as a proprietary fund and a political subdivision of the Commonwealth of Virginia and the participating jurisdictions. As such, the Detention Center applies all relevant Government Accounting Standards Board (GASB) and Financial Accounting Standards Board (FASB) pronouncements. As a proprietary fund, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, the proprietary fund presents significant assets, liabilities, deferred outflows and inflows of resources, and net position segregated into net investment in capital assets, restricted, and unrestricted components. The basis of accounting refers to the point in which revenues and expenses or expenditures are recognized in the underlying financial statements. Under the accrual basis of accounting, revenue is recognized when earned and expenses when costs are incurred. Proprietary funds distinguish between operating, which result from providing goods or services, and non-operating revenue and expense.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note A – Organization and Summary of Significant Accounting Policies – Continued

Income Tax Status: The Detention Center, as a political subdivision of the Commonwealth of Virginia and the participating jurisdictions, is generally not subject to federal and state income taxes given that the Detention Center's income is derived from the exercise of essential governmental functions and accrued to the states or political subdivision thereof. The Detention Center is also eligible to receive charitable contributions as a government instrumentality.

Cash and Cash Equivalents: For financial statement presentation purposes, the Detention Center considers highly liquid debt instruments with maturities of three months or less, including money market funds, to be cash equivalents. Certain money market funds held within the Detention Center's investment portfolio are included in amounts reflected as marketable securities given the Detention Center's ability and intent for these funds to be invested within the portfolio. As required by the Virginia Security for Public Deposits Act (the Act), banks holding deposits in excess of federal depository insurance must either acquire additional depository insurance or pledge collateral in the amount of 50% of the excess deposits to a collateral pool in the name of the State's Treasury Board. The Treasury Board of the Commonwealth of Virginia is responsible for requiring collateralization, monitoring compliance under the Act, and assumes responsibility for uncollateralized deposits.

Marketable Securities: The Detention Center's marketable securities consist principally of investments in government securities, corporate debt obligations, mutual funds, and certain money market funds held within the investment portfolio given the Detention Center's ability and intent for these funds to be invested within the portfolio. Marketable securities are reported at fair value, with any net realized and unrealized gains or losses included in investment income.

Accounts Receivable: Accounts receivable consist principally of amounts due from participating jurisdictions and for services provided and cost reimbursements under various contracts, grants, and cooperative agreements with federal, state, and local governmental agencies. The Detention Center reports accounts receivable at their net realizable value by periodically reviewing an aging of accounts receivable for collection purposes and to establish an allowance for uncollectible amounts when necessary. Given that the vast majority of the Detention Center's accounts receivables are due from participating jurisdictions and federal, state, and local governmental agencies, management determined that an allowance for uncollectible receivables was unnecessary as of June 30, 2016 and 2015. Additionally, no significant bad debts expense was recognized by the Detention Center during the fiscal years ended June 30, 2016 and 2015.

Prepaid Expenses and Other Assets: Prepaid expenses and other assets consist principally of prepaid insurances, maintenance agreements, and dues and subscriptions paid in advance of their applicable service period. Other assets consist principally of advances and other refundable deposits. Prepaid expenses are generally recognized or realized in the subsequent fiscal year.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note A – Organization and Summary of Significant Accounting Policies – Continued

Capital Assets: The costs of capital assets are reflected as assets in the accompanying financial statements to the extent that the Detention Center's capitalization threshold is met. Capital assets are recorded at cost when purchased or at estimated fair value at the time of donation and depreciated using the straight-line method over estimated useful lives of 7 - 39 years for building and related improvements, 3 - 10 years for furniture and equipment, and 3 - 5 years for transportation equipment and vehicles. Repairs and maintenance costs which do not materially extend the useful life of a capital asset, supplies, and small items are expensed as incurred.

Accrued Compensated Absences: It is the Detention Center's policy to permit employees to accumulate unused vacation benefits, comp time, and sick leave up to limitations based upon employee tenure as defined in the Detention Center's employee manual. Unused leave and comp time and 25% of sick leave for employees five or more years of service are paid upon employment separation. No liability is accrued for sick leave in excess of the leave policy.

Net Position: In proprietary fund financial statements, net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflow of resources. Net position is classified as either net investment in capital assets (capital assets less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of capital assets), restricted by creditors, grantors, contributors or laws and ordinances, or unrestricted and available for general operations at the discretion of management. Deferred outflows of resources, which represent a consumption of net position that applies to future periods, and deferred inflows of resources, which represent an acquisition of net position that applies to future periods, are also included as components of net position. Encumbrances, which do not constitute liabilities or expenses, are reservations of net position that result from purchase orders, contracts and other commitments of the Detention Center as they may be re-appropriated.

Contributions and Donations: Contributions are recognized in the period in which they are pledged or received, at the earliest point they are determinable and measurable by the Detention Center. Restricted contributions are reflected as restricted net position until such time that the Detention Center satisfies the donor's stipulations by its actions and use of the funds or by the passage of time. Restriction may also result from actions of creditors, grantors, and ordinances.

Contributed Services and In-Kind Donations: Contributed services are recognized at fair value if they create or enhance a non-financial asset or require specialized skills, are performed by those possessing such skills, and would otherwise be purchased by the Detention Center. In-kind donations are recorded at their estimated fair value when pledged or received, at the earliest point determinable and measurable. During the fiscal years ended June 30, 2016 and 2015, the Detention Center recognized contributed educational services of approximately \$1,554,300 and \$1,605,600, respectively, from the City of Alexandria Public Schools. Contributed services are separately reported as income and expenses in the accompanying financial statements.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note A – Organization and Summary of Significant Accounting Policies – Continued

Revenue and Support: The Detention Center is funded primarily by budgetary allotments and contributed services from participating jurisdictions and state block grants. The Detention Center also entered into contracts, grants, and cooperative agreements with federal, state, and local governmental agencies to provide services on a fixed fee or cost reimbursable basis. Annually, the Detention Center requests budget allocations from the participating jurisdictions based upon utilization factors. The Detention Center, as a political subdivision and government instrumentality of the Commonwealth of Virginia, also receives a state block grant to support its operations. Furthermore, the Detention Center also receives support from the United States Department of Agriculture (USDA) and provides services to non-participating jurisdictions and other governmental agencies under various contracts, grants, and cost reimbursable arrangements. Annual state and local allotments are recognized as revenue based upon the participating jurisdictions and Commonwealth of Virginia fiscal year, which coincides with the Detention Center's fiscal year. Contractual and cost reimbursable income is recognized as services are provided and costs are incurred or utilizing the percentage of completion method.

Fair Value of Financial Instruments: The Detention Center established a reporting framework for measuring and disclosing fair value measurements. Fair value measurement disclosures are required for assets and liabilities measured and reported at fair value in the financial statements. Management uses a fair value measurement hierarchy based upon the lowest level of any input that is significant to the measurement with Level 3 being the lowest level of recognition. Management also attempts to maximize the use of observable inputs (Level 1 and 2) and minimize unobservable inputs (Level 3). Accordingly, the Detention Center classifies its investments in marketable securities in the following categories:

Level 1 – valuation methodology based upon unadjusted quoted prices for identical assets or liabilities traded in an active market that the Detention Center has the ability to access;

Level 2 – valuation methodology based upon unadjusted quoted prices for similar assets and liabilities traded in active markets or identical or similar assets and liabilities in inactive markets, observable market inputs for assets and liabilities not traded in active markets, observable market inputs derived or corroborated principally correlation or other means, or Level 1 instruments where there is a contractual restriction; and

Level 3 – valuation methodology are unobservable and significant to the fair value measurement.

As of June 30, 2016 and 2015, the Detention Center determined that its investments in marketable securities would generally be classified as Level 1 financial instruments as fair value is generally determined based upon quoted market prices for identical assets traded in active markets.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note A – Organization and Summary of Significant Accounting Policies – Continued

Fair Value of Financial Instruments – Continued: Disclosures about estimated fair values of the Detention Center's financial instruments were determined by management and based upon pertinent information available to management as of June 30, 2016 and 2015. Considerable judgment may be necessary to interpret market and financial data and to develop estimated fair values. Although management is not aware of any factors that would significantly affect their estimates of fair value, the actual disposition of certain assets or liabilities may differ from management's estimates and management's estimates of fair value may not necessarily be indicative of amounts realized.

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

Note B – Concentration of Risk and Risk Management

Concentration of Risk: The Detention Center's depository and investment accounts are held with regional financial institutions or related investment brokerages. In accordance with the Virginia Security for Public Deposits Act, financial institutions holding depository accounts in excess of federal depository insurance are required to acquire additional depository insurance or pledge collateral in the amount of 50% of the excess deposits to a collateral pool in the name of the State's Treasury Board. The Treasury Board of the Commonwealth of Virginia is responsible for monitoring compliance with the Act and collateralization and assumes responsibility for any excess not collateralized. Investment accounts holding marketable securities are not collateralized with the Treasury Board and are subject to market risks.

Risk Management: The Detention Center is exposed to various losses related to torts, theft, damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Detention Center participates in the Virginia Municipal Group Liability Pool and Self Insurance Association administered by the Commonwealth of Virginia for general liability, property, automobile, excess liability, and workers compensation insurances. The Detention Center is contingently liable for any claims not covered or for claims in excess of policy limits.

Note C – Related Party Transactions

Under the terms of a five year contract with the City of Alexandria in November 1987, the Commission provides youth shelter services for adolescents through Sheltercare, a related affiliate, as required by the Alexandria Juvenile and Domestic Relations District Court. The contract with Sheltercare is renewed annually until such time that a notice to terminate filed.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note C – Related Party Transactions – Continued

The Commission has not received any such notice to date; however, during the fiscal year ended June 30, 2011, the Commission discussed the concept of the Sheltercare program becoming a function of the City of Alexandria given the City provides the vast majority of funding for the program. In July 2011, the Commission approved the concept of transferring Sheltercare to the City of Alexandria subject to a date and approval by the City. The City has yet to adopt a formal resolution to assume the Sheltercare program. However, should the City agree with resolution, the City would assume the program, its assets, and its liabilities.

The Detention Center provides minimum administrative and facility support services to Sheltercare. As of June 30, 2016 and 2015, the Detention Center reported no significant amounts due from Sheltercare for various costs incurred on behalf of Sheltercare and other reimbursements. Additionally, the Detention Center reported no significant amounts were owed to Sheltercare for services provided to the Detention Center or for non-participating jurisdictions through the Detention Center. During the fiscal years ended June 30, 2016 and 2015, the Detention Center reported cost reimbursement income of approximately \$19,400 and \$18,900, respectively, for administrative and facility support services. The amount reimbursed is estimated annually during the budget process.

Note D – Marketable Securities

The Detention Center reports its investments in equity securities with readily determinable fair value and all debt securities at fair value in the accompanying financial statements, with any realized and unrealized gains or losses included as a component of investment income. Certain money market funds are included in marketable securities given the Detention Center's ability and intent for these funds to be invested within the portfolio. Marketable securities consist of the following as of June 30, 2016 and 2015:

	2016		2015	
	Cost	Market	Cost	Market
Marketable securities:				
Money market funds	\$ -	\$ -	\$ -	\$ -
Governmental securities	-	-	-	-
Mutual funds	5,282,479	5,007,921	5,151,141	5,016,337
	<u>\$ 5,282,479</u>	<u>\$ 5,007,921</u>	<u>\$ 5,151,141</u>	<u>\$ 5,016,337</u>

Investment income consists of the follow for the fiscal years ended June 30, 2016 and 2015:

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note D – Marketable Securities – Continued

	<u>2016</u>	<u>2015</u>
Investment income:		
Realized interest and dividends	\$ 103,656	\$ 78,795
Net realized capital gain (loss)	61,301	125,720
Net unrealized gain (loss)	(139,755)	(130,753)
Brokerage fees and commissions	(33,619)	(24,584)
	<u>\$ (8,417)</u>	<u>\$ 49,178</u>

Note E – Fair Value Measurements

The Detention Center's investments in marketable securities are reported at fair value on a recurring basis in the accompanying financial statements. Money market and mutual bond and equity funds are valued using prices quoted in active markets in which the securities are traded. As of June 30, 2016 and 2015, the Detention Center's marketable securities are categorized in the following fair value measurement hierarchy classifications:

<u>June 30, 2016</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual bond/equity funds	<u>\$ 5,007,921</u>	<u>\$ 5,007,921</u>	<u>\$ -</u>	<u>\$ -</u>
<u>June 30, 2015</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual bond/equity funds	<u>\$ 5,016,337</u>	<u>\$ 5,016,337</u>	<u>\$ -</u>	<u>\$ -</u>

Note F – Accounts Receivable

As of June 30, 2016 and 2015, the Detention Center's account receivable consist primarily of amounts due from federal, state, and local government agencies as follows:

	<u>2016</u>	<u>2015</u>
Accounts receivable:		
Federal government agencies	\$ 794,334	\$ 520,442
State, local, and other agencies	49,036	10,637
	<u>\$ 843,370</u>	<u>\$ 531,079</u>

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
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Note G – Capital Assets

Capital assets are recorded at cost when purchased or at estimated fair value at the time of donation and are reflected net of accumulated depreciation. Capital asset activity is summarized as follows for the fiscal years ended June 30, 2016 and 2015:

	<u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>2016</u>
Capital assets not being depreciated:				
Land	\$ 23,024	\$ -	\$ -	\$ 23,024
Capital assets being depreciated:				
Building and improvements	5,221,941	95,138	-	5,317,079
Furniture and equipment	2,648,028	37,840	(5,331)	2,680,537
Transportation equipment	123,027	-	(14,615)	108,412
Total capital assets being depreciated	<u>7,992,996</u>	<u>132,978</u>	<u>(19,946)</u>	<u>8,106,028</u>
Less accumulated depreciation:				
Building and improvements	(2,577,198)	(187,914)	-	(2,765,112)
Furniture and equipment	(2,017,636)	(256,661)	4,088	(2,270,209)
Transportation equipment	<u>(94,979)</u>	<u>(7,802)</u>	<u>14,615</u>	<u>(88,166)</u>
Total accumulated depreciation	<u>(4,689,813)</u>	<u>(452,377)</u>	<u>18,703</u>	<u>(5,123,487)</u>
Net capital assets being depreciated	<u>3,303,183</u>	<u>(319,399)</u>	<u>(1,243)</u>	<u>2,982,541</u>
	<u>\$ 3,326,207</u>	<u>\$ (319,399)</u>	<u>\$ (1,243)</u>	<u>\$ 3,005,565</u>
	<u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>2015</u>
Capital assets not being depreciated:				
Land	\$ 23,024	\$ -	\$ -	\$ 23,024
Capital assets being depreciated:				
Building and improvements	5,221,941	-	-	5,221,941
Furniture and equipment	2,648,028	-	-	2,648,028
Transportation equipment	123,027	-	-	123,027
Total capital assets being depreciated	<u>7,992,996</u>	<u>-</u>	<u>-</u>	<u>7,992,996</u>
Less accumulated depreciation:				
Building and improvements	(2,389,284)	(187,914)	-	(2,577,198)
Furniture and equipment	(1,738,316)	(279,320)	-	(2,017,636)
Transportation equipment	<u>(87,177)</u>	<u>(7,802)</u>	<u>-</u>	<u>(94,979)</u>
Total accumulated depreciation	<u>(4,214,777)</u>	<u>(475,036)</u>	<u>-</u>	<u>(4,689,813)</u>
Net capital assets being depreciated	<u>3,778,219</u>	<u>(475,036)</u>	<u>-</u>	<u>3,303,183</u>
	<u>\$ 3,801,243</u>	<u>\$ (475,036)</u>	<u>\$ -</u>	<u>\$ 3,326,207</u>

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
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Note G – Capital Assets – Continued

Depreciation expense was approximately \$452,400 and \$475,000, respectively, for the fiscal years ended June 30, 2016 and 2015. The Detention Center also reported a loss on the disposition of assets of approximately \$1,200 during the fiscal year ended June 30, 2016.

Note H – Operating Lease

In August 2012, the Detention Center entered into a non-cancellable operating lease agreement for a digital copier. The lease is for 60 months and expires during the fiscal year ending June 30, 2018. As of June 30, 2016, the minimum monthly lease payments were approximately \$650, plus applicable maintenance support and other related charges. The Detention Center incurred equipment rental expense of approximately \$7,700 during each of the fiscal years ended June 30, 2016 and 2015. Future minimum lease payments required under the non-cancellable operating lease agreement are approximately as follows for the fiscal years ending June 30:

2017	\$ 6,600
2018	<u>1,100</u>
	<u>\$ 7,700</u>

Note I – Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflow of resources. Net position comprise various net earnings from operating activities and contributions of capital and consist of net investment in capital assets, restricted net position, and unrestricted net position. Net position invested in capital assets represents the capital assets reported net of accumulated depreciation and related debt incurred to acquire, construct, or improve capital assets, which totaled approximately \$3,005,600 and \$3,326,200, respectively, as of June 30 2016 and 2015. Restricted net position consist of assets that are restricted as to use by either enacted legislation or by laws and regulations of governmental instrumentalities or are restricted by external grantors, creditors, and contributors, which consists of approximately \$56,800 and \$35,100, respectively, of remaining funds from the U.S. Department of Agriculture's (USDA) Federal Milk Program. These funds are restricted for food and kitchen related items and are maintained in a separate bank account by the Commission. Unrestricted net position is the remaining net position not investment in capital assets or restricted and is available at the management's discretion as set forth in the annual budget approved by the Commission. The Commission has also designated approximately \$4,500 for an automobile reserve fund during the fiscal year ended June 30, 2014 for future acquisition, repair or maintenance of vehicles.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
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Note J – Retirement Plan

As a political subdivision of the Commonwealth of Virginia, the Detention Center participates jointly with its related affiliate, Sheltercare, in an agent and cost-sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The VRS provides state workers retirement, disability, and group term life insurance benefits as requested.

Plan Description:

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost Sharing, Multiple-Employer Pension Plan
Administering Entity:	Virginia Retirement System (System)

The VRS Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision'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.

All full-time, salaried permanent employees of the Political Subdivision are automatically covered by VRS Retirement Plan upon employment. This plan is 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 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 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 www.varetire.org or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The System administers three different benefit structures for covered employees – VRS Plan 1, VRS Plan 2, and Hybrid Plan. 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:

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NOTES TO FINANCIAL STATEMENTS
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Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
About VRS Plan 1 VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About VRS Plan 2 VRS 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 VRS 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.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

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NOTES TO FINANCIAL STATEMENTS
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Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
Eligible Members Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.	Eligible Members Employees are in VRS 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. Hybrid Opt-In Election VRS 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. The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.	• 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. Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • members in Plan 1 or Plan 2 who elect to opt into the plan during the election window held January 1 – April 30, 2014; the plan's effective date for opt-ins members was July 1, 2014. *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP. Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees 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.	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP. Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	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 VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP. Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer.

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NOTES TO FINANCIAL STATEMENTS
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Note J – Retirement Plan – Continued

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

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
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Note J – Retirement Plan – Continued

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

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NOTES TO FINANCIAL STATEMENTS
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Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
		<u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. 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. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

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NOTES TO FINANCIAL STATEMENTS
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Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. 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. Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Calculating the Benefit See definition under VRS Plan 1. Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Distribution is not required by law until age 70½. Calculating the Benefit <u>Defined Benefit Component:</u> See definition under VRS Plan 1. <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions. Average Final Compensation Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
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Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
Service Retirement Multiplier 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%. Sheriff and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer. Normal Retirement Age Age 65.	Service Retirement Multiplier Same as VRS Plan1 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. Sheriff and regional jail superintendents: Same as VRS Plan 1. Political subdivision hazardous duty employees: Same as VRS Plan 1. Normal Retirement Age Normal Social Security retirement age.	Service Retirement Multiplier The retirement multiplier is 1.00%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriff and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Not applicable. Normal Retirement Age <u>Defined Benefit Component:</u> Same as VRS Plan 2.

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NOTES TO FINANCIAL STATEMENTS
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Note J – Retirement Plan – Continued

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

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
Earliest Reduced Retirement Eligibility: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. Political subdivisions hazardous duty employees: Age 50 with at least five years (60 months) of creditable service. Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.	Earliest Reduced Retirement Eligibility: Age 60 with at least five years (60 months) of creditable service. Political subdivisions hazardous duty employees: Same as VRS Plan 1. Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.	Earliest Unreduced Retirement Eligibility Defined Benefit Component: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Political subdivisions hazardous duty employees: Not applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions. Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as VRS Plan 2. Defined Contribution Component: Not applicable.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
<u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. 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. <u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability.	<u>Eligibility:</u> Same as VRS Plan 1. <u>Exceptions to COLA Effective Dates:</u> Same as VRS Plan 1.	<u>Eligibility:</u> Same as VRS Plan 1 and VRS Plan 2. <u>Exceptions to COLA Effective Dates:</u> Same as VRS Plan 1 and VRS Plan 2.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year from the date the monthly benefit begins. Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	Disability Coverage Eligible political subdivision (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. Purchase of Prior Service Same as VRS Plan 1.	Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. Purchase of Prior Service <u>Defined Benefit Component:</u> Same as VRS Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost of purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After the one year period, the rate for most categories of service will change to actuarial cost.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

VRS PLAN 1	VRS PLAN 2	HYBRID PLAN
		<u>Defined Contribution Component:</u> Not applicable.

Pension Accounting:

For purposes of measuring the net pension liability, 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 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.

Employees Covered by Benefit Terms:

As of the June 30, 2014 and 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>2014</u>	<u>2013</u>
Inactive members or beneficiaries currently receiving benefits	33	31
Inactive members:		
Vested inactive members	8	15
Non-vested inactive members	77	75
Inactive members active elsewhere in VRS	20	20
Total inactive members	<u>105</u>	<u>110</u>
Active members	<u>80</u>	<u>69</u>
Total covered members	<u><u>218</u></u>	<u><u>210</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.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

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 five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. The Commission's contractually required contribution rate for the year ended June 30, 2016 and 2015 was 7.20% 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 employee during the year, with an additional amount to finance any unfunded accrued liability. The Detention Center's contributions to the pension plan were approximately \$281,600 and \$260,800, respectively, for the fiscal years ended June 30, 2016 and June 30, 2015.

Net Pension Liability:

The Commission's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability 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.

Actuarial Assumptions – General Employees:

The total pension liability for employee of the Commission 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:

	<u>2015</u>	<u>2014</u>	
Actuarial Assumptions			
Inflation	2.5%	2.5%	
Salary increases	3.5% - 5.35%	3.5% - 5.35%	
Investment rate of return	7.0%	7.0%	(net of pension plan investment expense)*

* 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.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

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 were 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 were 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 – 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

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

Actuarial Assumptions – Public Safety Employees:

The total pension liability for public safety employees in the 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:

Actuarial Assumptions	2015	2014	
Inflation	2.5%	2.5%	
Salary increases	3.5% - 4.75%	3.5% - 4.75%	
Investment rate of return	7.0%	7.0%	(net of pension plan investment expense)*

* 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: 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 forward 2 years and females were 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 2 years and females were set back 2 years.

Post-Retirement:

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

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 – Non-LEOS:

- Update mortality table
- Decrease in mail rates of disability

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

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

Long-Term Expected Rate of Return:

The long-term expected rate of return on the retirement plan 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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Average Long-Term Expected Rate of Return
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%

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
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%
	<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%.

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 the VRS retirement plan member contributions will be made per the VRS requirements 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 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.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

Change in Net Pension Liability:

The change in net pension liability as of and for the fiscal year ended June 30, 2015 is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2014	\$ 11,702,087	\$ 11,434,187	\$ 267,901
Changes for the year:			
Service cost	314,283	-	314,283
Interest	790,721	-	790,721
Changes in assumptions:			
Difference between expected and actual experience	(90,849)	-	(90,849)
Employer contributions	-	236,446	(236,446)
Employee contributions	-	164,987	(164,987)
Net investment income	-	510,361	(510,361)
Benefit payments, including refunds of employee contributions	(812,147)	(812,147)	-
Administrative expenses	-	(7,319)	7,319
Other changes	-	(107)	107
Balances as of June 30, 2015	\$ 11,904,095	\$ 11,526,408	\$ 377,687

Sensitivity of the Net Pension Liability to Change in the Discount Rate:

The following presents the net pension liability of the Detention Center using the discount rate of 7.00%, as well as what the Detention Center's net pension liability 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 as of and for the fiscal year ended June 30, 2015:

<u>As of June 30, 2015</u>	<u>1% Decrease (6.00%)</u>	<u>Current Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability, Current Portion	\$ 1,923,785	\$ 377,687	\$ (909,454)

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

Change in Net Pension Liability:

The change in net pension liability as of and for the fiscal year ended June 30, 2014 is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2013	\$ 11,201,071	\$ 10,021,129	\$ 1,179,942
Changes for the year:			
Service cost	279,398	-	279,398
Interest	765,055	-	765,055
Changes in assumptions:			
Employer contributions	-	228,664	(228,664)
Employee contributions	-	163,253	(163,253)
Net investment income	-	1,573,022	(1,573,022)
Benefit payments, including refunds of employee contributions	(543,437)	(543,437)	-
Administrative expenses	-	(8,527)	8,527
Other changes	-	83	(83)
Balances as of June 30, 2014	<u>\$ 11,702,087</u>	<u>\$ 11,434,187</u>	<u>\$ 267,901</u>

Sensitivity of the Net Pension Liability to Change in the Discount Rate:

The following presents the net pension liability of the Detention Center using the discount rate of 7.00%, as well as what the Detention Center's net pension liability 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 as of and for the fiscal year ended June 30, 2014:

As of June 30, 2014	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability, Current Portion	<u>\$ 1,770,519</u>	<u>\$ 267,901</u>	<u>\$ (979,228)</u>

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources:

For the fiscal years ended June 30, 2016 and 2015, the Detention Center recognized pension related expense of approximately \$13,100 and \$18,300, respectively, related to the retirement plan detailed as follows:

	<u>2015</u>	<u>2014</u>
Service cost	\$ 314,283	\$ 279,398
Interest on total pension liability	790,721	765,055
Expensed portion of current-period difference between expected and actual experience in total pension liability	(28,214)	-
Member contributions	(164,987)	(163,253)
Projected earnings on plan investments	(785,758)	(695,880)
Expensed portion of current-period differences between actual and projected investment earnings	55,079	(175,428)
Administrative expenses	7,319	8,527
Other changes	107	(83)
Recognition of beginning deferred inflows of resources as pension expense	(175,428)	-
	<u>\$ 13,122</u>	<u>\$ 18,336</u>

Given the Detention Center is a proprietary fund (business-type activity) of the participating jurisdictions, the deferred outflows of resources and deferred inflows of resources related to pension was separately reported in the accompanying financial statements as follows:

	2015		2014	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ -	\$ 62,636	\$ -	\$ -
Change in assumptions	-	-	-	-
Net difference between projected actual earnings on investments	(220,318)	526,285	-	701,713
Employer contributions subsequent to the measurement date	(281,645)	-	(260,811)	-
	\$ (501,963)	\$ 588,921	\$ (260,811)	\$ 701,713

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note J – Retirement Plan – Continued

It was estimated that approximately \$148,600 and \$175,400, respectively, of the net deferred outflows of resources and deferred inflows of resources related to pension will be recognized as a reduction of the current net pension liability during the fiscal year ended June 30, 2017 and 2016, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows as of the pension valuation reports as of and for the fiscal years ended June 30, 2015 and 2014:

As of June 30, 2015:		As of June 30, 2014:	
2017	\$ (148,563)	2016	\$ (175,428)
2018	(148,563)	2017	(175,428)
2019	(126,557)	2018	(175,428)
2020	55,079	2019	(175,428)
Thereafter	-	Thereafter	-
	<u>\$ (368,603)</u>		<u>\$ (701,713)</u>

Note K – Credit and Interest Rate Risk

During the fiscal year ended June 30, 2015, the Commission adopted an investment policy and as a quasi-governmental organization is not subject to the credit risk a requirement of the Commonwealth of Virginia. As such, the Commission restricts or limits investment maturities or instruments as a means of managing its exposure to fair value losses arising from increasing interest rates and other market fluctuations. The Commission also places limitation on the amount the Detention Center may invest in any one issuer. As of June 30, 2016 and 2015, approximately all of the Detention Center's investment portfolio was investments in mutual funds that are not covered by federal insurance or collateralized with the State's Treasury Board. However, the investment options include fixed income, bond, and equity type mutual funds. As of June 30, 2016, the Detention Center's marketable securities consisted of the following:

June 30, 2016:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Fair Value</u>
Money market funds:				
Insured Deposit Program	N/A	0.00%	N/A	\$ -
Governmental securities:				
US Treasury Note	N/A	0.00%	N/A	-

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note K – Credit and Interest Rate Risk – Continued

Mutual funds:

Deutsche Enhanced Commodity Fund	N/A	N/A	N/A	93,870
American Cap World Bond Fund	N/A	N/A	N/A	205,972
American High Income Trust Fund	N/A	N/A	N/A	318,352
Fidelity Emerging Markets Fund	N/A	N/A	N/A	214,606
Bond Fund of America Fund	N/A	N/A	N/A	456,211
RS Small Cap Growth Fund	N/A	N/A	N/A	163,026
Goldman Sachs Strategic Fund	N/A	N/A	N/A	140,912
Goldman Sachs Treasury Fund	N/A	N/A	N/A	23,354
American Funds Growth Fund	N/A	N/A	N/A	427,630
Harbor Fund Small Cap Value Fund	N/A	N/A	N/A	207,931
American Funds New World Fund	N/A	N/A	N/A	151,642
American Fund Wash Mutual Fund	N/A	N/A	N/A	482,862
Janus Investor Flexible Bond Fund	N/A	N/A	N/A	401,201
John Hancock Disciplined Value Fund	N/A	N/A	N/A	153,196
Lazard Emerging Markets Fund	N/A	N/A	N/A	216,126
Metro West Total Return Bond Fund	N/A	N/A	N/A	302,671
JPMorgan Intrepid Value Fund	N/A	N/A	N/A	192,866
Brookfield Global Real Estate Fund	N/A	N/A	N/A	165,048
American Europacific Growth Fund	N/A	N/A	N/A	236,525
Nuveen Real Estate Securities Fund	N/A	N/A	N/A	120,206
Prudential Mid Cap Growth Fund	N/A	N/A	N/A	189,995
TRowePrice Blue Chip Growth Fund	N/A	N/A	N/A	143,719
				<u>5,007,921</u>
				<u>\$ 5,007,921</u>

As of June 30, 2015, the Detention Center's marketable securities consisted of the following:

June 30, 2015:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Fair Value</u>
Money market funds:				
Insured Deposit Program	N/A	0.00%	N/A	\$ -

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note K – Credit and Interest Rate Risk – Continued

Governmental securities:

US Treasury Note	N/A	0.00%	N/A	-
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Mutual funds:

American Cap World Bond Fund	N/A	N/A	N/A	199,967
American High Income Trust Fund	N/A	N/A	N/A	276,681
Fidelity Emerging Markets Fund	N/A	N/A	N/A	200,164
Bond Fund of America Fund	N/A	N/A	N/A	451,984
RS Small Cap Growth Fund	N/A	N/A	N/A	208,957
Goldman Sachs Strategic Fund	N/A	N/A	N/A	153,954
Goldman Sachs Treasury Fund	N/A	N/A	N/A	51,111
American Funds Growth Fund	N/A	N/A	N/A	428,365
Harbor Fund Small Cap Value Fund	N/A	N/A	N/A	200,378
American Funds New World Fund	N/A	N/A	N/A	148,245
American Fund Wash Mutual Fund	N/A	N/A	N/A	447,654
Janus Investor Flexible Bond Fund	N/A	N/A	N/A	402,993
John Hancock Disciplined Value Fund	N/A	N/A	N/A	149,264
Lazard Emerging Markets Fund	N/A	N/A	N/A	194,827
Metro West Total Return Bond Fund	N/A	N/A	N/A	452,884
JPMorgan Intrepid Value Fund	N/A	N/A	N/A	201,356
American Europacific Growth Fund	N/A	N/A	N/A	250,153
Nuveen Real Estate Securities Fund	N/A	N/A	N/A	93,264
PIMCO Commodity Real Fund	N/A	N/A	N/A	103,798
Prudential Mid Cap Growth Fund	N/A	N/A	N/A	199,129
TRowePrice Blue Chip Growth Fund	N/A	N/A	N/A	201,209
				<u>5,016,337</u>
				<u>\$ 5,016,337</u>

Note L – Contingencies and Other Significant Matters

Organizational: During the fiscal year ended June 30, 2011, the Commission discussed the concept of the Sheltercare program becoming a function of the City of Alexandria given the City provides the vast majority of funding for the program. In July 2011, the Commission approved the concept of transferring Sheltercare to the City of Alexandria subject to a date and approval by the City. However, the City has yet to adopt a formal resolution to assume the Sheltercare program.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note L – Contingencies and Other Significant Matters – Continued

Litigation, Claims, and Assessments: The Detention Center is party to various legal actions, claims, and disputes that result from the normal course of operation. The Detention Center is contingently liable for any action not covered by insurance. The Detention Center participates, along with its related affiliate in the Virginia Municipal Group Liability Pool and Self-Insurance Association administered by the Commonwealth of Virginia for general liability, property, automobile, excess liability and workers compensation insurances. During the fiscal year ended June 30, 2015, the Detention Center became aware of a potential misclassification of certain workers with respect to public safety employee compensation and benefits, in particular overtime pay. The Detention Center retained legal counsel to review the circumstance, make recommendations to policies and procedures, and to assist in estimating any amounts potentially owed to employees. No assurances can be given regarding the uncertain nature of potential contingencies.

Governmental Audits: The Detention Center's books and records are subject to compliance examinations and reviews by awarding agencies and oversight authorities. Accordingly, findings or questioned costs are subject to post-audit review by the federal awarding agency and are potentially subject to disallowance or adjustment. Although management allows for all known or anticipated unallowable costs, no assurances can be given regarding the potential impact of any disallowance or adjustment upon the Detention Center. Management believes that any potential future disallowances of current grant expenditures, if any, would be immaterial.

Governmental Property: The Detention Center has acquired certain assets and supplies in administering the federal awards. Such items are generally segregated for sole use in administration of the grant programs as stipulated in the federal awards. Additionally, any assets acquired with federal resources are subject to reclamation in certain circumstances. For the fiscal years ended June 30, 2016 and 2014, approximately \$2,602,000 (or 40%) and \$2,066,500 (or 24%), respectively, of the Detention's Center operating revenue and support was from a federal cooperating agreement awarded by the U.S. Department of Health & Human Services. Cooperative agreements are subject to annual funding authorizations, and the grant awards may be subject to funding delays caused by administrative matters, extensions, moratoriums and other political disagreements. The cooperative agreement is typically incrementally funded. As of June 30, 2016, the ongoing federal program and cooperative award amount are as follows:

<u>Federal Program</u>	<u>Grant Award</u>	<u>Expenditures to Date</u>	<u>Remaining Balance</u>
<i>Department of Health & Human Services</i>			
<i>Administration for Children & Families</i>			
Unaccompanied Alien Children Program	<u>\$ 2,526,277</u>	<u>\$ 2,057,474</u>	<u>\$ 468,803</u>

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note L – Contingencies and Other Significant Matters – Continued

Governmental Property – Continued: As of June 30, 2016, the ongoing federal program and cooperative award amount are as follows:

<u>Federal Program</u>	<u>Grant Award</u>	<u>Expenditures to Date</u>	<u>Remaining Balance</u>
<i>Department of Health & Human Services</i>			
<i>Administration for Children & Families</i>			
Unaccompanied Alien Children Program	<u>\$ 2,081,767</u>	<u>\$ 1,537,210</u>	<u>\$ 544,557</u>

Note M – Government Accounting Standards Board (GASB) Pronouncements

The Commission implemented the applicable provisions of the following GASB pronouncements during the fiscal year end June 30, 2016:

GASB Statement No. 72, *Fair Value Measurement and Application*, provided guidance for determining fair value measurements for financial reporting purposes, established a hierarchy of inputs to valuation techniques used to measure fair value, and required disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques employed in establishing fair value. This Statement became effective for the Commission for the fiscal year ended June 30, 2016 and did not have a significant impact upon Commission's financial statements but did require additional disclosures.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements Nos. 67 and 68*, established requirements for defined benefit pension plans and defined contribution retirement plans that are not within the scope of Statement No. 68, as well as for assets accumulated for purposes of providing those pensions. This Statement extended the approach to accounting and financial reporting set forth in Statement No. 68 to all pension plans. This Statement became effective for the Commission for the fiscal year ended June 30, 2016 and did not have a significant impact upon the Commission's financial statements or disclosures.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, supersedes Statement No. 55 and reduced the GAAP hierarchy to two categories of authoritative GAAP and addressed the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not addressed within authoritative GAAP. This Statement became effective for the Commission for the fiscal year ending June 30, 2016 and did not have a significant impact.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note M – Government Accounting Standards Board (GASB) Pronouncements – Continued

GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Plans*, amended the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement established requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement became effective for the Commission for the fiscal year ending June 30, 2016 and did not have a significant impact upon the Commission's financial statements or disclosures.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addressed accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement established additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. This Statement became effective for the Commission for the fiscal year ending June 30, 2016 and did not have a significant impact upon the Commission's financial statements or disclosures.

The GASB has issued the following pronouncements with implementation dates subsequent to June 30, 2016:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, replaces the requirements of Statement Nos. 43 and 57 and also replaces the reporting requirements of Statement Nos. 25, 43, and 50. This Statement addresses defined benefit and defined contribution other postemployment benefit plans administered through trusts and for assets accumulated for purposes of providing other postemployment benefits that are not administered through trust but meet specific criteria. Note disclosures and required supplementary information requirements about other postemployment benefit plans are also addressed. This Statement will become effective for the Commission for the fiscal year ending June 30, 2017. The Commission does not anticipate this Statement having a significant impact upon its financial statements.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 & 2015

Note M – Government Accounting Standards Board (GASB) Pronouncements – Continued

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, replaces the requirements of Statements Nos. 45, 57, and 74 with new accounting and financial reporting requirements for other postemployment benefits. This Statement established standards for recognizing and measuring liabilities, deferred outflow of resources, deferred inflow of resources, and expense/expenditures associated with other postemployment benefits. Note disclosures and required supplementary information requirements about other postemployment benefits are also addressed. This Statement will become effective for the Commission for the fiscal year ending June 30, 2018. The Commission does not anticipate this Statement having a significant impact upon its financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. This Statement also requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. Additionally, this Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement will become effective for the Commission for the fiscal year ending June 30, 2018. The Commission does not anticipate this Statement having a significant impact upon its financial statements.

Note N – Subsequent Events Evaluation

Management has evaluated subsequent events for the period July 1, 2016 through November 12, 2016, the date on which these financial statements were available to be issued and during this period, there were no subsequent events that required recognition or disclosure in the accompanying financial statements.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
REQUIRED SUPPLEMENTAL INFORMATION
- UNAUDITED -
YEARS ENDED JUNE 30, 2016 & 2015

Schedule of Changes in Net Pension Liability & Related Ratios
Pension Valuation as of and for the Years Ended June 30, 2015 & 2014

Total Pension Liability	2015	2014
Service cost	\$ 314,283	\$ 279,398
Interest on pension liability	790,721	765,055
Difference between expected and actual experience	(90,849)	-
Benefit payments, including refunds of employee contributions	<u>(812,147)</u>	<u>(543,437)</u>
Net Change in Total Pension Liability	202,008	501,016
Total pension liability, beginning of year	<u>11,702,087</u>	<u>11,201,071</u>
Total Pension Liability, End of Year	<u><u>\$ 11,904,095</u></u>	<u><u>\$ 11,702,087</u></u>
	(a)	(a)
Plan Fiduciary Net Position		
Employer contributions	\$ 236,446	\$ 228,664
Employee contributions	164,987	163,253
Net investment income	510,361	1,573,022
Benefit payments, including refunds of employee contributions	(812,147)	(543,437)
Administrative expenses	(7,319)	(8,527)
Other changes	<u>(107)</u>	<u>83</u>
Net Change in Plan Fiduciary Net Position	92,221	1,413,058
Plan fiduciary net position, beginning of year	<u>11,434,187</u>	<u>10,021,129</u>
Plan Fiduciary Net Position, End of Year	<u><u>\$ 11,526,408</u></u>	<u><u>\$ 11,434,187</u></u>
	(b)	(b)
Net Pension Liability	<u><u>\$ 377,687</u></u>	<u><u>\$ 267,901</u></u>
	(a) - (b)	(a) - (b)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u><u>96.83%</u></u>	<u><u>97.71%</u></u>
Covered Employee Payroll	<u><u>\$ 3,510,275</u></u>	<u><u>\$ 3,405,490</u></u>
Net Pension Liability as a Percentage of Covered Employee Payroll	<u><u>10.76%</u></u>	<u><u>7.87%</u></u>

See accompanying auditors' report.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER

REQUIRED SUPPLEMENTAL INFORMATION

- UNAUDITED -

YEARS ENDED JUNE 30, 2016 & 2015

**Schedule of Employer Contributions
Years Ended June 30, 2015 & 2014**

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
	(1)	(2)	(1) - (2)		(2) / (4)
2015	\$ 252,740	\$ 260,811	\$ (8,071)	\$ 3,510,275	7.43%
2014	\$ 245,195	\$ 242,124	\$ 3,071	\$ 3,405,490	7.11%

**Notes to Required Supplemental Information
Years Ended June 30, 2015 & 2014**

Change in benefit terms - There have been no significant changes to the Virginia Retirement System benefit provisions since the prior actuarial valuation. The 2014 valuation report 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 are not material.

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

Largest 10 - Non-LEOS:

- Updated mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by .25% per year

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

- Updated mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by .25% per year

Largest 10 - LEOS:

- Updated mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

See accompanying auditors' report.



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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**

To the Commissioners
Juvenile Detention Commission for Northern Virginia
Alexandria, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Northern Virginia Juvenile Detention Center, a business-type activity (enterprise fund) of the Juvenile Detention Commission for Northern Virginia, (referred to as the Detention Center) as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Northern Virginia Juvenile Detention Center's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 12, 2016.

Internal Control Over Financial Reporting

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



**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
(Continued)**

Internal Control Over Financial Reporting – Continued

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 the Detention Center'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.



**Frye & Company, CPAs
Manassas, Virginia
November 12, 2016**

**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

To the Commissioners
Juvenile Detention Commission for Northern Virginia
Alexandria, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Northern Virginia Juvenile Detention Center, a business-type activity (enterprise fund) of the Juvenile Detention Commission for Northern Virginia, (referred to as the Detention Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Detention Center's major federal programs for the fiscal year ended June 30, 2016. The Detention Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Detention Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance
(Continued)**

Auditor's Responsibility – Continued

An audit includes examining, on a test basis, evidence about the Detention Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Detention Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Detention Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Detention Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Detention Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Detention Center's internal control over compliance.

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

**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance
(Continued)**

Report on Internal Control Over Compliance – Continued

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in dark ink that reads "Frye & Company, CPAs". The signature is written in a cursive, flowing style.

**Frye & Company, CPAs
Manassas, Virginia
November 12, 2016**

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor & Program Description	Program Name	Federal CFDA #	Pass-Through Entity #	Federal Expenditures
Direct Grant Programs:				
<i>Department of Health & Human Services</i>				
<i>Administration for Children & Families</i>				
Unaccompanied Alien Children Program				
90ZU0104-01	ORR/DCS	93.676	N/A	\$ -
90ZU0104-02	ORR/DCS	93.676	N/A	544,557
90ZU0104-03	ORR/DCS	93.676	N/A	2,057,474
Total Department of Health & Human Services				<u>2,602,031</u>
Pass-Through Entity Programs:				
<i>None Noted</i>				<u>-</u>
Total Expenditures of Federal Awards				<u><u>\$ 2,602,031</u></u>

NOTES TO SCHEDULE OF FEDERAL AWARDS

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Detention Center for the fiscal year ended June 30, 2016 and 2015. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the above schedule presents only a select portion of the operations of the Detention Center, it is not intended and does not present the financial position, change in net position, or cash flows of the Detention Center.

Summary of Significant Accounting Policies

Expenditures in the above schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles in OMB Circular A-122, *Costs Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to their reimbursement. Pass-through entity identify numbers are presented where available.

See accompanying auditors' report.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEARS ENDED JUNE 30, 2016 & 2015

Section I – Summary of Audit Results

Financial Statements:

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance Section 200.516?	None reported
Amount of any questioned costs identified:	None reported
Identification of major programs:	
<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
93.676	Unaccompanied Alien Children Program
Threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No
Summary of prior audit findings and questioned costs?	None reported

Section II – Financial Statement Findings

There are no financial statement findings to report.

NORTHERN VIRGINIA JUVENILE DETENTION CENTER
SCHEDULE OF FINDINGS & QUESTIONED COSTS
YEARS ENDED JUNE 30, 2016 & 2015

Section III – Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV – Summary of Prior Audit Findings & Questioned Costs

There are no prior audit findings or questioned costs.