BLUE RIDGE JUVENILE DETENTION COMMISSION

CHARLOTTESVILLE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

BOARD MEMBERS

ALBEMARLE COUNTY

Doug Walker, Assistant County Executive

CITY OF CHARLOTTESVILLE

Mike Murphy, Director of Human Services

CULPEPER COUNTY

John Egertson, County Executive

FLUVANNA COUNTY

Eric Dahl, Deputy County Administrator

GREENE COUNTY

John Barkley, County Administrator

BLUE RIDGE JUVENILE DETENTION COMMISSION

CHARLOTTESVILLE, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Blue Ridge Juvenile Detention Commission, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Blue Ridge Juvenile Detention Commission's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Blue Ridge Juvenile Detention Commission, as of June 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As described in Note 7 to the financial statements, in 2018, the Commission adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 *Omnibus 2017.* Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 7 to the financial statements, in 2018, the Commission restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that schedules related to pension and OPEB funding on pages 49-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information

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

Other Matters (Continued)

Other Supplementary Information (Continued)

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Blue Ridge Juvenile Detention Commission's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018, on our consideration of Blue Ridge Juvenile Detention Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Blue Ridge Juvenile Detention Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blue Ridge Juvenile Detention Commission's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 26, 2018

- Basic Financial Statements -

BLUE RIDGE JUVENILE DETENTION COMMISSION

Statement of Net Position
As of June 30, 2018
(With Comparative Amounts for 2017)

		2018		2017
Assets				
Current assets:				
Cash and cash equivalents	$	1,694,387	$	2,697,279
Accounts receivable		11,701		1,575
Due from other governments		1,613		96,059
Total current assets	$	1,707,701	$	2,794,913
Other asset:				
Net pension asset	$	39,141	$	-
Capital assets:				
Capital assets, not being depreciated:				
Land	$	417,115	$	417,115
Capital assets, being depreciated:				
Building and improvements	$	10,517,900	$	10,748,707
Equipment		733,142		481,157
Vehicles		114,841		137,865
Accumulated depreciation		(4,793,554)		(4,473,422)
Total capital assets, being depreciated	$	6,572,329	$	6,894,307
Total capital assets	$	6,989,444	$	7,311,422
Total assets	$	8,736,286	$	10,106,335
Deferred outflows of resources				
OPEB related outflows	$	13,519	$	87,058
Pension related outflows		199,409		74,597
Total deferred outflows of resources	$	212,928	$	161,655
Total assets and deferred outflows of resources	$	8,949,214	$	10,267,990
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	479,800	$	30,845
Amounts due to participating localities		-		460,674
Compensation payable		10,338		9,692
Compensated absences - current portion		16,857		16,775
Unearned revenue		353,280		-
Total current liabilities	$	860,275	$	517,986
Noncurrent liabilities:				
Net OPEB liability	$	431,477	$	242,000
Net pension liability		-		17,886
Compensated absences - net of current portion		151,716		150,974
Total noncurrent liabilities	$	583,193	$	410,860
Total liabilities	$	1,443,468	$	928,846
Deferred Inflows of Resources				
OPEB related inflows	$	30,690	$	-
Pension related inflows		113,984		50,512
Total deferred inflows of resources	$	144,674	$	50,512
Net Position				
Net investment in capital assets	$	6,989,444	$	7,311,422
Restricted - operations		-		894,051
Unrestricted		371,628		1,083,159
Total net position	$	7,361,072	$	9,288,632
Total liabilities, deferred inflows of resources and net position	$	8,949,214	$	10,267,990

See accompanying notes to financial statements.

BLUE RIDGE JUVENILE DETENTION COMMISSION

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018
(With Comparative Amounts for 2017)

		2018		2017
Operating Revenues:				
From local sources:				
Charges for services	$	2,622,483	$	2,414,891
Miscellaneous		8,515		17,216
Intergovernmental:				
State		855,495		838,420
Federal		43,814		49,354
Total operating revenues	$	3,530,307	$	3,319,881
Operating Expenses:				
Compensation and related items	$	2,656,372	$	2,520,148
Contractual		217,294		244,223
Other charges		579,020		465,830
Depreciation		343,156		342,391
Total operating expenses	$	3,795,842	$	3,572,592
Total operating income (loss)	$	(265,535)	$	(252,711)
Nonoperating Revenues (Expenses):				
Debt service assessments (refunds)	$	(1,491,944)	$	809,962
Interest income		24,192		12,634
Interest expense		-		(20,004)
Total nonoperating revenues (expenses)	$	(1,467,752)	$	802,592
Change in net position	$	(1,733,287)	$	549,881
Net position, beginning of year, as restated		9,094,359		8,738,751
Net position, end of year	$	7,361,072	$	9,288,632

See accompanying notes to financial statements.

BLUE RIDGE JUVENILE DETENTION COMMISSION

Statement of Cash Flows
Year Ended June 30, 2018
(With Comparative Amounts for 2017)

	2018	2017
Cash flows from operating activities:		
Receipts from customers	$ 3,507,233	$ 3,746,692
Payments to suppliers	(347,359)	(775,117)
Payments to and for employees	(2,673,836)	(2,499,590)
Net cash flows provided by (used for) operating activities	$ 486,038	$ 471,985
Cash flows from investing activities:		
Interest income	$ 24,192	$ 12,634
Cash flows from capital and related financing activities:		
Debt service assessments	$ (1,491,944)	$ 809,962
Purchase of capital assets	(21,178)	(64,731)
Principal payments on long-term debt	-	(780,000)
Interest expense	-	(20,004)
Net cash flows provided by (used for) capital and related financing activities	$ (1,513,122)	$ (54,773)
Net change in cash and cash equivalents	$ (1,002,892)	$ 429,846
Cash and cash equivalents, beginning of year	2,697,279	2,267,433
Cash and cash equivalents, end of year	$ 1,694,387	$ 2,697,279
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ (265,535)	$ (252,711)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	343,156	342,391
Net pension activity	-	18,564
Changes in operating assets and deferred ouflows of resources:		
Due from other governments	94,446	189,696
Accounts receivable	(10,126)	1,575
Net pension asset	(39,141)	-
Deferred outflows of resources - pension with VRS	(124,812)	-
Deferred outflows of resources - OPEB	73,539	-
Changes in operating liabilities and deferred inflows of resources:		
Accounts payable and accrued liabilities	448,955	(65,064)
Compensation payable	646	(1,402)
Amounts due to participating localities	(460,674)	235,540
Compensated absences	824	(14,604)
Unearned revenue	353,280	-
Net OPEB obligation	-	18,000
Net pension liability	(17,886)	-
Net OPEB liabilities	(4,796)	-
Deferred inflows of resources - pension with VRS	63,472	-
Deferred inflows of resources - OPEB	30,690	-
Net cash provided by (used for) operating activities	$ 486,038	$ 471,985

See accompanying notes to financial statements.

NOTE 1 - FINANCIAL REPORTING ENTITY:

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

NOTE 2 - OPERATING ACTIVITIES:

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

The debt service portion of the Commission’s expenses will be allocated among the members, except for Charlottesville and Albemarle, by billing them for the debt service component of the per diem charge based on their respective usage. Charlottesville and Albemarle agreed that their share of the debt service expenses will be calculated by applying the debt service component of the per diem charge to their combined usage and billing the resulting amount equally (50%) to each. Because the debt was paid in the preceding fiscal year, the Commission returned the surplus reserves to the localities in the current fiscal year. This refund totaled $1,491,944.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

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

Cash and Cash Equivalents:

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Capital Assets:

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

Buildings and improvements	40 Years
Equipment and vehicles	5 Years

Operating and Nonoperating Revenues and Expenses:

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

Compensated Absences:

The Commission records liabilities for accrued vacation and sick leave at various amounts based on the length of service. Benefits or pay are received for unused annual leave or retirement bonus upon termination. There are various restrictions both for annual leave and retirement bonus upon termination of employment. Accumulated vacation up to 40 days is paid upon termination of employment. Compensated absences increased from $167,749 in FY17 to $168,573 in FY18 or an increase of $824.

Net Position:

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

Net Position Flow Assumption:

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

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Pensions:

For purposes of measuring the net pension asset/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 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.

Other Postemployment Benefits (OPEB):

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources:

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of item that qualifies for reporting in this category. Certain items related to the measurement of the net pension asset and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Use of Estimates:

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

Comparative Amounts:

Comparative amounts are presented for informational purposes only.

NOTE 4 - DEPOSITS AND INVESTMENTS:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (“the Act”) Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% excess deposits. Accordingly, all deposits are considered fully collateralized.

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

NOTE 5 - RECEIVABLES AND AMOUNTS DUE FROM OTHER GOVERNMENTS:

Receivables and amounts due from other governments are as follows:

		2018
Accounts receivable:		
Other	$	11,701
Total accounts receivable	$	11,701
Due from other governmental units:		
Commonwealth of Virginia	$	1,613
Total due from other governmental units	$	1,613
Total receivables	$	13,314

NOTE 6 - CAPITAL ASSETS:

Changes in capital assets are summarized below:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 417,115	$ -	$ -	$ 417,115
Capital assets being depreciated:				
Building and improvements	$ 10,748,707	$ -	$ 230,807	$ 10,517,900
Equipment	481,157	251,985	-	733,142
Vehicles	137,865	-	23,024	114,841
Total capital assets being depreciated	$ 11,367,729	$ 251,985	$ 253,831	$ 11,365,883
Accumulated depreciation:				
Building and improvements	$ 3,814,755	$ 275,484	$ -	$ 4,090,239
Equipment	539,598	63,495	-	603,093
Vehicles	119,069	4,177	23,024	100,222
Total accumulated depreciation	$ 4,473,422	$ 343,156	$ 23,024	$ 4,793,554
Total capital assets being depreciated, net	$ 6,894,307	$ (91,171)	$ 230,807	$ 6,572,329
Net capital assets	$ 7,311,422	$ (91,171)	$ 230,807	$ 6,989,444

Depreciation expense was $343,156 for 2018.

NOTE 7 - ADOPTION OF ACCOUNTING PRINCIPLES:

The Commission implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the Commission implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in the following restatement of net position:

Net Position as reported at June 30, 2017	$ 9,288,632
Implementation of GASB 75	(194,273)
Net Position as restated at June 30, 2017	$ 9,094,359

NOTE 8 - PENSION PLAN:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 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.	**About Plan 2** 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.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • 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.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 (Cont.)	**About Plan 2 (Cont.)**	**About the Hybrid Retirement Plan (Cont.)** • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. **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 Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**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 elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***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.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Hybrid Opt-In Election (Cont.)** Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	***Non-Eligible Members (Cont.)** Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	**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. 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.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT 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 Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contribution Component:** 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.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contribution Component: (Cont.)** 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. Distribution is not required by law until age 70½.
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.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Calculating the Benefit (Cont.) 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.	**Calculating the Benefit (Cont.)**	**Calculating the Benefit (Cont.)** **Defined Contribution Component:** 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 A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** 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%. **Sheriffs 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.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

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

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Reduced Retirement Eligibility (Cont.) **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility (Cont.)** **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 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%. **Eligibility:** 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.	**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%. **Eligibility:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:** 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. • 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 (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

NOTE 8 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	**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** Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
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. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 8 - PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	7
Inactive members:	
Vested inactive members	3
Non-vested inactive members	15
Inactive members active elsewhere in VRS	21
Total inactive members	39
Active members	40
Total covered employees	86

Contributions

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

Blue Ridge Juvenile Detention Commission's contractually required employer contribution rate for the year ended June 30, 2018 was 4.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from Blue Ridge Juvenile Detention Commission were $95,150 and $86,249 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension (Asset) Liability

Blue Ridge Juvenile Detention Commission's net pension (asset) liability was measured as of June 30, 2017. The total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in Blue Ridge Juvenile Detention Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

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

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related:
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related:
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 20%

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in Blue Ridge Juvenile Detention Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

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

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

Mortality rates:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTE 8 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%

NOTE 8 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	69.00%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, 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 System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Blue Ridge Juvenile Detention Commission Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 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.

NOTE 8 - PENSION PLAN: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 2,458,879	$ 2,440,993	$ 17,886
Changes for the year:			
Service cost	$ 166,421	$ -	$ 166,421
Interest	167,047	-	167,047
Changes of assumptions	(60,722)	-	(60,722)
Differences between expected and actual experience	136,044	-	136,044
Contributions - employer	-	81,943	(81,943)
Contributions - employee	-	87,889	(87,889)
Net investment income	-	297,908	(297,908)
Benefit payments, including refunds of employee contributions	(144,984)	(144,984)	-
Administrative expenses	-	(1,653)	1,653
Other changes	-	(270)	270
Net changes	$ 263,806	$ 320,833	$ (57,027)
Balances at June 30, 2017	$ 2,722,685	$ 2,761,826	$ (39,141)

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

The following presents the net pension (asset) liability of Blue Ridge Juvenile Detention Commission using the discount rate of 7.00%, as well as what Blue Ridge Juvenile Detention Commission's net pension (asset) 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:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Commission			
Net Pension (Asset) Liability	$ 425,444	$ (39,141)	$ (413,391)

NOTE 8 - PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2018, Blue Ridge Juvenile Detention Commission recognized pension expense of $58,725. At June 30, 2018, Blue Ridge Juvenile Detention Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 104,259	$ 36,335
Change in assumptions	-	46,535
Net difference between projected and actual earnings on pension plan investments	-	31,114
Employer contributions subsequent to the measurement date	95,150	-
Total	$ 199,409	$ 113,984

$95,150 reported as deferred outflows of resources related to pensions resulting from Blue Ridge Juvenile Detention Commission's contributions subsequent to the measurement date will be recognized as an increase to the Net Pension (Asset) Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in the future reporting periods as follows:

Year ended June 30	
2019	$ (17,105)
2020	16,879
2021	10,821
2022	(20,320)
Thereafter	-

NOTE 9 – MEDICAL, DENTAL AND LIFE INSURANCE – PAY-AS-YOU-GO (OPEB PLAN):

Plan Description

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

NOTE 9 – MEDICAL, DENTAL AND LIFE INSURANCE – PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

Benefits Provided

Postemployment benefits provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65. Surviving spouses are not allowed access to the plan.

Contributions

The Commission does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County Board. The amount paid by the Blue Ridge Juvenile Detention Commission for OPEB as the benefits came due during the year ended June 30, 2018 was $25,000.

Total OPEB Liability

The Blue Ridge Juvenile Detention Commission's total OPEB liability was measured as of June 30, 2017. The total OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2% per year as of June 30, 2017; 2.2% per year as of June 30, 2018
Salary Increases	The salary increase rate starts at 3.15% salary increase for 1 year of service and gradually declines to 1.3% salary increase for 20 or more years of service
Discount Rate	2.85% per year as of June 30, 2017; 3.58% per year as of June 30, 2018

Mortality rates for Active employees and healthy retirees were based on a RP-2000 Fully Generational Combined Healthy table while mortality rates for disabled retirees were based on a RP-2000 Disabled Mortality Table.

The date of the most recent actuarial experience study for which significant assumptions were based July 1, 2018.

Discount Rate

The final equivalent single discount rate used for this year's valuation is 3.58% as of the end of the fiscal year with the expectation that the Blue Ridge Juvenile Detention Commission will continue contributing the Actuarially Determined Contribution and paying the pay-go cost.

NOTE 9 - MEDICAL, DENTAL AND LIFE INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

Changes in Total OPEB Liability

		Total OPEB Liability
Balances at June 30, 2016	$	277,273
Changes for the year:		
Service cost		39,630
Interest		7,546
Changes in assumptions		(15,972)
Benefit payments		(25,000)
Net changes	$	6,204
Balances at June 30, 2017	$	283,477

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current discount rate:

	Rates		
	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
BRJDC	$ 305,482	283,477	$ 262,534

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Blue Ridge Juvenile Detention Commission, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (2.90%) or one percentage point higher (4.90%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (2.90%)	Healthcare Cost Trend (3.90%)	1% Increase (4.90%)
BRJDC	$ 249,733	$ 283,477	$ 322,434

NOTE 9 - MEDICAL, DENTAL AND LIFE INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, the Blue Ridge Juvenile Detention Commission recognized OPEB expense in the amount of $44,894. At June 30, 2018, the Blue Ridge Juvenile Detention Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	BRJDC	
	Deferred Outflows of Resouces	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 13,690
Total	$ -	$ 13,690

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	BRJDC
2019	$ (2,282)
2020	(2,282)
2021	(2,282)
2022	(2,282)
2023	(2,282)
Thereafter	(2,280)

Additional disclosures on changes in net OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Plan Description (Continued)

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City School Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- **Natural Death Benefit** - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
    - Accidental dismemberment benefit
    - Safety belt benefit
    - Repatriation benefit
    - Felonious assault benefit
    - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,111.

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were $10,519 and $9,462 for the years ended June 30, 2018 and June 30, 2017, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2018, the entity reported a liability of $148,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was .00987% as compared to .00965% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of $3,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	6,000
Change in assumptions	-	8,000
Changes in proportion	3,000	-
Employer contributions subsequent to the measurement date	10,519	-
Total	$ 13,519	$ 17,000

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

$10,519 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30		
2019	$	(2,000)
2020		(2,000)
2021		(2,000)
2022		(3,000)
2023		(2,000)
Thereafter		(3,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

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

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – SPORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – VaLORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	$	289,402
Plan Fiduciary Net Position		141,402
Employers' Net GLI OPEB Liability (Asset)	$	148,000
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

NOTE 10 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLI OPEB 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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Commission's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 192,000	$ 148,000	$ 113,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 11 - RISK MANAGEMENT:

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

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

NOTE 12 - OPERATING RESERVE FUND:

As a requirement of the facility construction bond issue, the Commission was required to fund an operating reserve equal to 25% of the Commission's operating budget. At June 30, 2017 this fund totaled $894,051, and the reserve fund requirements were met. At June 30, 2018, the balance is $0, as the bond issue has been fully retired.

NOTE 13 - FISCAL AGENT:

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

NOTE 14 - LITIGATION:

At June 30, 2018, there were no matters of litigation involving the Commission which would materially affect the Commission's position should any court decisions on pending matters not be favorable.

NOTE 15 - DETAINEE COST PER DIEM:

The Commission's detainee days totaled 7,082 for the year ended June 30, 2018 and 7,428 for 2017. Costs incurred in the operation of the Commission are as follows:

	2018	2017
Total operating expenses per budgetary basis	$ 3,535,329	$ 3,290,609
Less:		
Charges to others for detainee care and other sources	(714,597)	(775,101)
Reimbursed expenditures from the Commonwealth	(855,495)	(838,420)
Net cost to participant localities	$ 1,965,237	$ 1,677,088
Total detainee days for participant localities	7,082	7,428
Actual local cost per diem	$ 277.50	$ 225.78

- Required Supplementary Information -

BLUE RIDGE JUVENILE DETENTION COMMISSION

Schedule of Changes in Net Pension (Asset) Liability and Related Ratios
Years Ended June 30, 2015 through 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 166,421	$ 184,344	$ 177,119	$ 142,904
Interest	167,047	161,204	152,459	137,921
Differences between expected and actual experience	136,044	(47,090)	(22,146)	-
Changes in assumptions	(60,722)	-	-	-
Benefit payments, including refunds of employee contributions	(144,984)	(284,987)	(80,025)	(66,248)
Net change in total pension liability	$ 263,806	$ 13,471	$ 227,407	$ 214,577
Total pension liability - beginning	2,458,879	2,445,408	2,218,001	2,003,424
Total pension liability - ending (a)	$ 2,722,685	$ 2,458,879	$ 2,445,408	$ 2,218,001
Plan fiduciary net position				
Contributions - employer	$ 81,943	$ 107,724	$ 112,081	$ 128,298
Contributions - employee	87,889	82,927	86,383	73,311
Net investment income	297,908	36,471	108,003	300,519
Benefit payments, including refunds of employee contributions	(144,984)	(284,987)	(80,025)	(66,248)
Administrative expense	(1,653)	(1,546)	(1,335)	(1,492)
Other	(270)	(18)	(23)	16
Net change in plan fiduciary net position	$ 320,833	$ (59,429)	$ 225,084	$ 434,404
Plan fiduciary net position - beginning	2,440,993	2,500,422	2,275,338	1,840,934
Plan fiduciary net position - ending (b)	$ 2,761,826	$ 2,440,993	$ 2,500,422	$ 2,275,338
Commission's net pension (asset) liability - ending (a) - (b)	$ (39,141)	$ 17,886	$ (55,014)	$ (57,337)
Plan fiduciary net position as a percentage of the total pension liability	101.44%	99.27%	102.25%	102.59%
Covered payroll	$ 1,819,607	$ 1,733,722	$ 1,744,886	$ 1,470,248
Commission's net pension (asset) liability as a percentage of covered payroll	-2.15%	1.03%	-3.15%	-3.90%

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Schedule of Employer Contributions - Pension
Last Ten Fiscal Years

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	$ 95,150	$ 95,150	$ -	$ 2,007,385	4.74%
2017	86,249	86,249	-	1,819,607	4.74%
2016	112,692	112,692	-	1,733,722	6.50%
2015	113,418	113,418	-	1,744,886	6.50%
2014	128,500	128,500	-	1,470,248	8.74%
2013	117,674	117,674	-	1,346,380	8.74%
2012	80,774	80,774	-	1,274,036	6.34%
2011	82,193	82,193	-	1,296,417	6.34%
2010	69,367	69,367	-	1,284,570	5.40%
2009	72,087	72,087	-	1,334,947	5.40%

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted rates to better match experience
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

BLUE RIDGE JUVENILE DETENTION COMMISSION

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios - Pay-as-you-go
For the Year Ended June 30, 2018

		2018
Total OPEB liability		
Service cost	$	39,630
Interest		7,546
Changes in assumptions		(15,972)
Benefit payments		(25,000)
Net change in total OPEB liability	$	6,204
Total OPEB liability - beginning		277,273
Total OPEB liability - ending	$	283,477
Covered payroll	$	N/A
Commission's total OPEB liability (asset) as a percentage of covered payroll		N/A

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

BLUE RIDGE JUVENILE DETENTION COMMISSION

Notes to Required Supplementary Information - Pay-as-you-go
For the Year Ended June 30, 2018

Valuation Date: 7/1/2017
Measurement Date: 6/30/2017

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.85% per year as of June 30, 2017; 3.58% per year as of June 30, 2018
Inflation	2.2% per year as of June 30, 2017; 2.2% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 5.4% in 2017 and gradually declines to 3.90% by the year 2075
Salary Increase Rates	The salary increase rate starts at 3.15% salary increase for 1 year of service and gradually declines to 1.3% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2000 Fully Generational Combined Healty Table. The mortality rates for disabled retirees and calculated using the RP 2000 Disabled Mortality Table.

BLUE RIDGE JUVENILE DETENTION COMMISSION

Schedule of Commission's Share of Net OPEB Liability
Group Life Insurance Program
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2017	0.0987%	$ 148,000	$ 1,819,607	8.13%	48.86%

BLUE RIDGE JUVENILE DETENTION COMMISSION

Schedule of Employer Contributions
Group Life Insurance Program
For the Years Ended June 30, 2018 and June 30, 2017

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2018	$ 10,519	$ 10,519	$ -	$ 2,007,385	0.52%
2017	9,462	9,462	-	1,819,607	0.52%

Schedule is intended to show information for 10 years. Information prior to 2017 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each year age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

- Other Supplementary Information -

BLUE RIDGE JUVENILE DETENTION COMMISSION

Schedule of Revenues and Expenses - Operating Fund
Budgetary Basis
Year Ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues:				
Charges for services:				
Care of detainees:				
County of Albemarle	$ 568,805	$ 568,805	$ 476,426	$ (92,379)
City of Charlottesville	1,082,118	1,082,118	906,229	(175,889)
County of Greene	92,782	92,782	77,632	(15,150)
County of Fluvanna	170,339	170,339	142,624	(27,715)
County of Culpeper	358,358	358,358	304,975	(53,383)
Other	657,000	657,000	714,597	57,597
Total charges for services	$ 2,929,402	$ 2,929,402	$ 2,622,483	$ (306,919)
Miscellaneous:				
Other	$ 13,000	$ 13,000	$ 8,515	$ (4,485)
Recovered costs:				
Region Ten	$ 16,800	$ 16,800	$ 8,750	$ (8,050)
Other recovered costs	25,000	25,000	33,781	8,781
Total recovered costs	$ 41,800	$ 41,800	$ 42,531	$ 731
Intergovernmental:				
Commonwealth of Virginia:				
Department of Juvenile Justice	$ 817,538	$ 817,538	$ 855,495	$ 37,957
Total Commonwealth of Virginia	$ 817,538	$ 817,538	$ 855,495	$ 37,957
Federal government:				
USDA	$ 25,000	$ 25,000	$ 43,814	$ 18,814
Total intergovernmental	$ 842,538	$ 842,538	$ 899,309	$ 56,771
Total operating revenues	$ 3,826,740	$ 3,826,740	$ 3,572,838	$ (253,902)
Expenses:				
Compensation and related items:				
Salaries and wages	$ 2,038,629	$ 2,038,629	$ 2,035,992	$ 2,637
Fringes:				
Social Security and Medicare taxes	156,035	156,035	150,033	6,002
Retirement	101,211	101,211	96,205	5,006
Health insurance	454,844	454,844	309,993	144,851
Dental insurance	11,750	11,750	9,040	2,710
Life insurance	26,575	26,575	26,297	278
Unemployment	5,000	5,000	1,723	3,277
Workers' compensation	30,000	30,000	28,976	1,024
Other expenses	18,000	18,000	17,047	953
Total compensation and related items	$ 2,842,044	$ 2,842,044	$ 2,675,306	$ 166,738

Schedule of Revenues and Expenses - Operating Fund
Budgetary Basis
Year Ended June 30, 2018 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Expenses: (continued)				
Contractual:				
Legal	$ 19,200	$ 19,200	$ 18,000	$ 1,200
Professional services	12,000	12,000	12,968	(968)
Health services	20,000	20,000	9,600	10,400
Audit	4,500	4,500	4,680	(180)
Repairs and maintenance	45,900	45,900	33,233	12,667
Maintenance contracts	100,000	100,000	98,412	1,588
Printing and binding	1,000	1,000	-	1,000
Advertising	400	400	610	(210)
Refuse collection	2,000	2,000	1,948	52
Administration fees	75,197	75,197	75,197	-
Other contractual	6,000	6,000	5,177	823
Total contractual	$ 286,197	$ 286,197	$ 259,825	$ 26,372
Other charges:				
Data processing	$ 29,000	$ 29,000	$ 20,060	$ 8,940
Electrical	67,000	67,000	64,051	2,949
Heating	20,000	20,000	11,852	8,148
Water and sewer	11,000	11,000	10,274	726
Postal services	2,000	2,000	260	1,740
Telecommunications	25,000	25,000	24,089	911
Fire insurance	30,000	30,000	24,879	5,121
Training - Academy	5,000	5,000	5,514	(514)
Travel - subsistence	8,500	8,500	5,927	2,573
Miscellaneous	1,000	1,000	1,085	(85)
Dues and memberships	1,000	1,000	1,020	(20)
Materials and supplies	3,500	3,500	3,095	405
Office supplies	8,300	8,300	8,640	(340)
Food supplies	122,000	122,000	126,563	(4,563)
Medical and lab supplies	8,000	8,000	7,623	377
Laundry and janitorial supplies	20,000	20,000	15,110	4,890
Linen supplies	2,000	2,000	215	1,785
Uniforms - inmates	5,000	5,000	5,142	(142)
Repair and maintenance supplies	10,500	10,500	10,841	(341)
Vehicle and equipment fuel	3,000	3,000	1,978	1,022
Vehicle and equipment repairs	2,600	2,600	1,672	928
Police supplies	3,000	3,000	2,819	181
Uniforms and apparel	8,000	8,000	5,229	2,771
Books and subscriptions	2,000	2,000	1,950	50
Education and recreation supplies	12,000	12,000	13,432	(1,432)
Recreation supplies	5,000	5,000	4,966	34
Copy expense	600	600	714	(114)
Regional jail	36,000	36,000	36,000	-
Curry school	5,000	5,000	5,000	-
Total other charges	$ 456,000	$ 456,000	$ 420,000	$ 36,000

Schedule of Revenues and Expenses - Operating Fund
Budgetary Basis
Year Ended June 30, 2018 (Continued)

	Original Budget	Amended Budget	Actual	Variance Positive (Negative)
Expenses: (continued)				
Capital outlay:				
Machinery and equipment	$ 242,000	$ 242,000	$ 173,165	$ 68,835
Furniture and fixtures	-	-	2,584	(2,584)
Lease/rent equipment	6,500	6,500	4,449	2,051
Total capital outlay	$ 248,500	$ 248,500	$ 180,198	$ 68,302
Total expenses	$ 3,832,741	$ 3,832,741	$ 3,535,329	$ 297,412
Net operating income (loss)	$ (6,001)	$ (6,001)	$ 37,509	$ 43,510
Nonoperating revenues:				
Interest income	$ 6,001	$ 6,001	$ 24,192	$ 18,191
Net nonoperating revenue	$ 6,001	$ 6,001	$ 24,192	$ 18,191
Excess (deficiency) of revenues over (under) expenses	$ -	$ -	$ 61,701	$ 61,701

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

BLUE RIDGE JUVENILE DETENTION COMMISSION

Reconciliation of the Schedule of Revenues and Expenses - Operating Fund - Budgetary Basis to the Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2018

Reconciliation of excess (deficiency) of revenues over (under) expenses to changes in net position per the Statement of Revenues, Expenses and Changes in Net Position:		
Excess (Deficiency) of revenues over(under) expenses per budgetary basis schedule	$	61,701
Depreciation expense		(343,156)
Acquisition of capital assets		21,178
Capital outlay expenditures in capital fund not reported on budgetary schedule		
Net GASB 68 pension activity		79,226
Other postemployment benefits		(60,292)
Debt service fund refunds to localities		(1,491,944)
Changes in net position, per statement of revenues, expenses, and changes in net position	$	(1,733,287)

- Compliance -

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 MEMBERS OF
BLUE RIDGE JUVENILE DETENTION COMMISSION
CHARLOTTESVILLE, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Blue Ridge Juvenile Detention Commission as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
November 26, 2018