# Shenandoah County Administrator's Weekly Memorandum

## Weekly Message to the Members of the Board of Supervisors for December 2, 2016

**Northwester Regional Juvenile Detention Center:** The NRJDC held a meeting yesterday and the agenda, minutes, monthly financials and proposed FY 2018 budget are attached. The population reported by jurisdiction is as follows: Warren County - 3; Frederick County - 3; Shenandoah County - 3; Winchester City - 1; Page County - 0; and Clarke County - 0. The facility also received a 100% compliance audit by the Department of Juvenile Justice. This is the first time in the history of the facility. I am also attaching a copy of the annual financial audit prepared by BrownEdwards, certified public accountants. There were no findings with the audit.

*Office of County Administration*
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*Mary T. Price, County Administrator*
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*Hours: Monday—Friday 8:30 a.m.—5:00 p.m.*

NRJDC

**Northwestern Regional Juvenile Detention Center**
145 Fort Collier Road
Winchester, VA 22603

**MEMORANDUM**

TO: Northwestern Regional Juvenile Detention Commission Members

FROM: Erin Maloney, Superintendent

RE: Commission Meeting Agenda

DATE: October 20, 2016

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A meeting of the Northwestern Regional Juvenile Detention Commission has been scheduled for Thursday December 1, 2016 at 1030 AM. The meeting will be held in the In-door recreational area of the Juvenile Detention Center, 145 Fort Collier Road, behind Work Release. Please enter on the entrance facing Brooke Road.

The Agenda will be as follows:

I. Approval of Minutes
II. Population Report Warren 3 Fred 3 Shen 3 Winc 1 Page 0 Clarke 0 = 10
III. FY18 Draft Budget 3 post D, 3 weeks ago 22 dropped
IV. New Business FY 2016 audit
V. Old Business 100% compliance in OJJ audit, First time in history of facility
- Adjournment Parking lot expansion - $39335

**Commission and Media Distribution**

# NORTHWESTERN REGIONAL JUVENILE DETENTION COMMISSION
# Minutes
# Meeting of Members
# August 4, 2016

A meeting of the Northwestern Regional Juvenile Detention Center Commission was called to order by Chairman Larry Omps at 145 Fort Collier Road, Winchester, Virginia at 10:30 A.M.

## MEMBERS PRESENT:

Present were commission members:, Larry Omps, representative for the City of Winchester; Mr. Robert T. Williamson, representative of Frederick County; Mr. Jimmy Wyatt representative of Clarke County; Captain Roger Vorous, alternate representative of Warren County; Ms. Mary Blowe, City of Winchester Fiscal representative; Sheriff Lenny Milholland, Regional Jail Board Representative; and Ms. Barbara Byrd, alternate representative of Clarke County.

## MEMBER (S) ABSENT:

Absent were commission members: Ms. Mary T Price representative of Shenandoah County; Ms. Brenda Garton, alternate representative for Frederick County; Sheriff Chad Cubbage, representative of Page County; Major Phil Baker, alternate representative of Page County; Mr. Evan Vass, alternate representative for Shenandoah County; Sheriff Daniel McEathron, representative of Warren County; Ms. Eden Freeman, alternate fiscal agent for City of Winchester; Major Steve Hawkins, alternate representatives of the Regional Jail Board and Mayor Elizabeth Minor, alternate representative for City of Winchester.

Mr. Omps presided over the meeting and Ms. Erin Maloney, Superintendent for the Northwestern Regional Juvenile Detention Center recorded the proceedings.

## I. APPROVAL OF MINUTES

Mr. Omps asked if there were any proposed changes to the minutes for the June 23, 2016 meeting. There were none offered. Sheriff Milholland made a motion that the Commission members approve the minutes from the NRJDC Commission meeting held on June 23, 2016. Mr. Williamson seconded the motion.

**The above motion was made by the following recorded vote:**
Ayes: Mr. Omps, Mr. Williamson, Sheriff Milholland, Mr. Wyatt, Captain Vorous, and Ms. Blowe. (Ms. Byrd was not eligible to vote, because Mr. Wyatt represented Clarke County.)

Nays: None　　　　Abstain: None

**Absent from vote**: Ms. Price, Ms. Garton, Sheriff Cubbage, Major Baker, Mr. Vass, Sheriff McEathron, Major Hawkins, Ms. Byrd, Ms. Freeman, and Ms. Minor.

## II. POPULATION REPORT

Mr. Graves reported that the current population totals seven; three are from Shenandoah County, one is from Warren County, and three residents are from Winchester, There are presently no residents being held for Clarke County or Frederick County or Page County. The Post-D population is currently one from Winchester. The low population is attributed to the use of detention alternatives being employed by courts in Virginia, reserving detention as a last option.

## III. APPROVAL OF HIRING PART-TIME MAINTENANCE WORKER

Ms. Maloney presented a request to hire Mr. Gene Weeks as part-time maintenance staff. He would receive his former pay of $21.00 per hour, limited to a maximum of twenty-eight hours per weeks. He is currently receiving military benefits.

Mr. Weeks was formerly employed at the Adult Detention Center and performed maintenance at the NRJDC. He is familiar with the NRJDC facility and has proven that he is able to complete the general maintenance and handyman projects that are needed. He recently assisted with pulling urgently needed Cat 6 cable for installation of the dedicated Supreme Court video line, when the NRADC maintenance and IT departments were unable to provide support. Mr. Weeks would be able to provide routine maintenance to avoid instances like the recent malfunctions with the alarm system. NRJDC had to call in the manufacturer representatives to remedy the situation on an emergency basis. The NRADC has been failing to maintain more and more basic contractual obligations. Mr. Weeks has expressed interest in the position in discussions with Ms. Maloney.

Sheriff Milholland made a motion that the NRJDC hire Mr. Gene Weeks as a part-time maintenance person at $21.00 per hour. Mr. Williamson seconded the motion.

**The above motion was made by the following recorded vote:**
Ayes: Mr. Omps, Mr. Williamson, Sheriff Milholland, Mr. Wyatt, Captain Vorous, and Ms. Blowe. (Ms. Byrd was not eligible to vote, because Mr. Wyatt represented Clarke County.)

Nays: None Abstain: None

**Absent from vote**: Ms. Price, Ms. Garton, Sheriff Cubbage, Major Baker, Mr. Vass, Sheriff McEathron, Major Hawkins, Ms. Byrd, Ms. Freeman, and Ms. Minor.

## IV. OLD BUSINESS

Ms. Maloney updated the Commission on the parking lot extension project. Mr. Perry Eisenhach will present the plans to Frederick County next week for approval. City Manager Eden Freeman has asked Frederick County's Brenda to waive all fees for NRJDC for this project.

Ms. Maloney stated that approximately $200,000 be going into the Undesignated Fund Balance when fiscal year 2016 is finally closed out. The surplus from the FY16 budget is partly due to low population numbers at the facility reducing resident meals and also due to lower billing for limited maintenance response. The Superintendent noted that the lower population numbers will affect the amount of the State Block Grant funding in the future. She has been conservative with money management to try to prepare for potential reductions in funding. Sheriff Milholland asked if NRJDC could accept residents from other facilities that become overcrowded. Ms. Maloney explained that numbers are low in facilities that historically send residents to NRJDC.

Mr. Omps informed the Commission that next year would be the twentieth year for the NRJDC facility. He said that it has been great to work with this board. Ms. Byrd asked if this could be an opportunity for some media public relations articles. Ms. Maloney agreed to begin work on something. She noted that the first resident arrived at the facility in the second week of December 1997.

## V. NEW BUSINESS

Sheriff Milholland presented a plaque of appreciation from the Regional Jail Board to Mr. Williamson in recognition of his contribution of knowledge to them in 1992-2015.

Ms. Byrd asked what the perfect population number would be. Ms. Maloney estimated that the most comfortable number of residents to manage is twenty-five to twenty-eight. That allows a 1:8 ratio of residents to staff. Her main concern is staff complacency with dealing with currently manageable residents.

## VI. ADJOURNMENT

Mr. Omps asked if there were any other discussions. There were none. Sheriff Milholland made a motion for adjournment. Mr. Williamson seconded.

**The above motion was made by the following recorded vote:**
Ayes: Mr. Omps, Mr. Williamson, Sheriff Milholland, Mr. Wyatt, Captain Vorous, and Ms. Blowe. (Ms. Byrd was not eligible to vote, because Mr. Wyatt represented Clarke County.)

Nays: None

Abstain: None

**Absent from vote:** Ms. Price, Ms. Garton, Sheriff Cubbage, Major Baker, Mr. Vass, Sheriff McEathron, Major Hawkins, Ms. Byrd, Ms. Freeman, and Ms. Minor.

Respectfully Submitted,

Larry Omps,
Northwestern Regional Juvenile
Detention Commission

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2017 Y-T-D ACTUAL | FY 2017 Budget Remaining |
|---|---|---|---|---|---|---|---|
| FUND 776 NRJDC OPERATING FUND | | | | | | | |
| DEPT 33 CORRECTION AND DETENTION | | | | | | | |
| DIV 23 NRJD ADMINISTRATION | | | | | | | |
| PERSONNEL SERVICE | | | | | | | |
| 776-3323-433.11-01 | REGULAR | 1,522,830 | 1,577,154 | 1,626,750 | 1,626,750 | 584,463 | 1,042,287 |
| 776-3323-433.12-01 | OVERTIME | 122,037 | 118,283 | 110,355 | 110,355 | 31,386 | 78,969 |
| 776-3323-433.17-01 | NON-CLASSIFIED REGULAR | 40,943 | 20,658 | 14,280 | 14,280 | 11,016 | 3,264 |
| * | PERSONNEL SERVICE | 1,685,810 | 1,716,095 | 1,751,385 | 1,751,385 | 626,865 | 1,124,520 |
| FRINGE BENEFITS | | | | | | | |
| 776-3323-433.21-10 | FICA | 124,455 | 127,260 | 128,754 | 128,754 | 46,305 | 82,449 |
| 776-3323-433.22-20 | VRS-EMPLOYER | 97,858 | 185,072 | 156,198 | 156,198 | 54,396 | 101,802 |
| 776-3323-433.24-20 | INSURANCE-EMPLOYER | 18,178 | 18,825 | 21,315 | 21,315 | 7,423 | 13,892 |
| 776-3323-433.25-25 | VA LOCAL DISABILITY PLAN | 407 | 314 | 660 | 660 | 170 | 490 |
| 776-3323-433.27-20 | WORKER'S COMPENSATION | 20,005 | 21,450 | 23,150 | 23,150 | 18,115 | 5,035 |
| 776-3323-433.28-50 | BENEFITS ADMIN FEE | 892 | 810 | 840 | 840 | 411 | 429 |
| 776-3323-433.28-51 | EMPLOYEE BENEFITS | 229,049 | 214,173 | 244,557 | 244,557 | 86,812 | 157,745 |
| 776-3323-433.29-10 | VRS HEALTH INS CREDIT | 2,291 | 2,341 | 2,116 | 2,116 | 736 | 1,380 |
| * | FRINGE BENEFITS | 493,135 | 570,245 | 577,590 | 577,590 | 214,368 | 363,222 |
| CONTRACTUAL SERVICES | | | | | | | |
| 776-3323-433.31-10 | MEDICAL DENTAL & HOSP. | 1,742 | 2,725 | 3,000 | 3,000 | 0 | 3,000 |
| 776-3323-433.31-20 | ACCOUNTING AND AUDITING | 4,050 | 4,940 | 5,000 | 5,000 | 4,700 | 300 |
| 776-3323-433.31-23 | HEALTH SERVICES-RESIDENTS | 40,530 | 44,568 | 49,025 | 49,025 | 19,760 | 29,265 |
| 776-3323-433.31-50 | LEGAL SERVICES | 905 | 413 | 5,000 | 5,000 | 0 | 5,000 |
| 776-3323-433.31-70 | OTHER PROFESSIONAL SERV | 3,734 | 2,127 | 10,000 | 10,000 | 5,579 | 4,421 |
| 776-3323-433.31-77 | TRAINING/EDUCATION | 573 | 948 | 500 | 500 | 272 | 228 |
| 776-3323-433.33-10 | REPAIRS & MAINTENANCE | 47,440 | 25,393 | 25,000 | 25,000 | 3,352 | 21,648 |
| 776-3323-433.33-15 | VEHICLE REPAIRS/MAINT. | 0 | 0 | 1,500 | 1,500 | 0 | 1,500 |
| 776-3323-433.33-25 | COMPUTER HARDWARE/SOFTWAR | 8,194 | 5,680 | 14,700 | 14,700 | 8,000 | 6,700 |
| 776-3323-433.35-01 | PRINTING & BINDING | 192 | 310 | 600 | 600 | 0 | 600 |
| 776-3323-433.36-01 | LOCAL MEDIA | 0 | 0 | 500 | 500 | 0 | 500 |
| 776-3323-433.38-35 | OVERPOPULATION CHARGES | 0 | 350 | 26,770 | 26,770 | 0 | 26,770 |
| 776-3323-433.39-05 | OTHER PURCHASED SERVICES | 112,108 | 72,565 | 144,000 | 144,000 | 20,621 | 123,379 |
| 776-3323-433.39-20 | REFUSE SERVICE | 3,970 | 4,609 | 4,400 | 4,400 | 2,021 | 2,379 |

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2017 Y-T-D ACTUAL | FY 2017 Budget Remaining |
|---|---|---|---|---|---|---|---|
| FUND 776 NRJDC OPERATING FUND | | | | | | | |
| DEPT 33 CORRECTION AND DETENTION | | | | | | | |
| DIV 23 NRJD ADMINISTRATION | | | | | | | |
| | CONTRACTUAL SERVICES | | | | | | |
| * | CONTRACTUAL SERVICES | 223,438 | 164,628 | 289,995 | 289,995 | 64,305 | 225,690 |
| | INTERNAL SERVICES | | | | | | |
| 776-3323-433.42-03 | EQUIPMENT FUND MAINT/FUEL | 315 | 165 | 1,000 | 1,000 | 27 | 973 |
| 776-3323-433.42-04 | EQUIPMENT FUND PARTS | 340 | 195 | 500 | 500 | 717 | 217- |
| 776-3323-433.42-05 | EQUIPMENT FUND LABOR | 999 | 766 | 500 | 500 | 807 | 307- |
| * | INTERNAL SERVICES | 1,654 | 1,126 | 2,000 | 2,000 | 1,551 | 449 |
| | OTHER CHARGES | | | | | | |
| 776-3323-433.51-10 | ELECTRICAL SERVICES | 28,973 | 27,031 | 35,500 | 35,500 | 11,089 | 24,411 |
| 776-3323-433.51-20 | HEATING SERVICES | 6,369 | 3,979 | 6,500 | 6,500 | 818 | 5,682 |
| 776-3323-433.52-10 | POSTAL SERVICES | 967 | 1,578 | 1,730 | 1,730 | 116 | 1,614 |
| 776-3323-433.52-30 | TELECOMMUNICATIONS | 14,932 | 10,267 | 16,000 | 16,000 | 4,228 | 11,772 |
| 776-3323-433.53-01 | BOILER INSURANCE | 539 | 527 | 610 | 610 | 568 | 42 |
| 776-3323-433.53-04 | OTHER PROPERTY INSURANCE | 4,724 | 4,474 | 5,310 | 5,310 | 4,768 | 542 |
| 776-3323-433.53-05 | MOTOR VEHICLE INSURANCE | 901 | 788 | 1,000 | 1,000 | 820 | 180 |
| 776-3323-433.53-07 | PUBLIC OFFICIAL LIABILITY | 2,559 | 1,567 | 2,070 | 2,070 | 1,798 | 272 |
| 776-3323-433.53-08 | GENERAL LIABILITY | 1,150 | 1,515 | 2,140 | 2,140 | 464 | 1,676 |
| 776-3323-433.53-14 | FIDELITY & CRIME/SURETY | 309 | 294 | 350 | 350 | 318 | 32 |
| 776-3323-433.54-11 | OFFICE EQUIPMENT | 5,888 | 5,107 | 6,000 | 6,000 | 1,560 | 4,440 |
| 776-3323-433.55-10 | MILEAGE | 1,532 | 1,812 | 1,700 | 1,700 | 383 | 1,317 |
| 776-3323-433.55-40 | CONVENTION & EDUCATION | 6,955 | 7,213 | 8,000 | 8,000 | 3,939 | 4,061 |
| 776-3323-433.58-06 | BANKING FEES | 646 | 167 | 150 | 150 | 21 | 129 |
| 776-3323-433.58-10 | DUES & ASSOC MEMBERSHIPS | 450 | 155 | 500 | 500 | 0 | 500 |
| 776-3323-433.58-74 | BACKGROUND CHECKS | 0 | 0 | 400 | 400 | 0 | 400 |
| 776-3323-433.60-01 | OFFICE SUPPLIES | 4,045 | 3,531 | 6,000 | 6,000 | 925 | 5,075 |
| 776-3323-433.60-02 | FOOD & FOOD SERVICE | 8,117 | 6,052 | 7,000 | 7,000 | 1,728 | 5,272 |
| 776-3323-433.60-03 | LANDSCAPNG/AGRICULT SUPPL | 36 | 76 | 300 | 300 | 0 | 300 |
| 776-3323-433.60-04 | MEDICAL & LABORATORY | 5,542 | 4,829 | 6,500 | 6,500 | 376 | 6,124 |
| 776-3323-433.60-05 | LAUNDRY & JANITORIAL | 11,623 | 9,642 | 12,000 | 12,000 | 3,024 | 8,976 |
| 776-3323-433.60-06 | LINEN SUPPLIES | 264 | 102 | 600 | 600 | 30 | 570 |

| ACCOUNT NUMBER | ACCOUNT DESCRIPTION | FY 2015 Actual | FY 2016 Actual | FY 2017 Original Budget | FY 2017 Amended Budget | FY 2017 Y-T-D ACTUAL | FY 2017 Budget Remaining |
|---|---|---|---|---|---|---|---|
| FUND 776 NRJDC OPERATING FUND | | | | | | | |
| DEPT 33 CORRECTION AND DETENTION | | | | | | | |
| DIV 23 NRJD ADMINISTRATION - | | | | | | | |
| OTHER CHARGES | | | | | | | |
| 776-3323-433.60-07 | REPAIR & MAINTENANCE | 2,985 | 1,767 | 5,500 | 5,500 | 1,433 | 4,067 |
| 776-3323-433.60-08 | VEHICLE & EQUIPMENT FUELS | 60 | 137 | 1,000 | 1,000 | 11- | 1,011 |
| 776-3323-433.60-09 | VEHICLE & EQUIPMENT | 2,255 | 0 | 500 | 500 | 0 | 500 |
| 776-3323-433.60-10 | POLICE SUPPLIES | 142 | 75 | 500 | 500 | 0 | 500 |
| 776-3323-433.60-11 | UNIFORMS & APPAREL | 74 | 179 | 2,000 | 2,000 | 0 | 2,000 |
| 776-3323-433.60-12 | BOOKS & SUBSCRIPTIONS | 596 | 492 | 570 | 570 | 166 | 404 |
| 776-3323-433.60-14 | OTHER OPERATING SUPPLIES | 6,400 | 4,142 | 8,600 | 8,600 | 1,091 | 7,509 |
| 776-3323-433.60-26 | COMPUTER SOFTWARE & SUPPL | 43,636 | 28,941 | 25,000 | 25,000 | 7,825 | 17,175 |
| 776-3323-433.60-34 | WEAR & APPAREL-DETAINEES | 4,140 | 1,871 | 5,000 | 5,000 | 346 | 4,654 |
| 776-3323-433.60-39 | AWARDS PLAQUES OTHER | 0 | 67 | 0 | 0 | 0 | 0 |
| * | OTHER CHARGES | 166,809 | 128,377 | 169,030 | 169,030 | 47,823 | 121,207 |
| ** | NRJD ADMINISTRATION | 2,570,846 | 2,580,471 | 2,790,000 | 2,790,000 | 954,912 | 1,835,088 |
| *** | CORRECTION AND DETENTION | 2,570,846 | 2,580,471 | 2,790,000 | 2,790,000 | 954,912 | 1,835,088 |
| **** | NRJDC OPERATING FUND | 2,570,846 | 2,580,471 | 2,790,000 | 2,790,000 | 954,912 | 1,835,088 |
| | | 2,570,846 | 2,580,471 | 2,790,000 | 2,790,000 | 954,912 | 1,835,088 |

| | | FY 2016 Budget | FY2017 Budget | FY2018 Budget | Notes |
|---|---|---|---|---|---|
| **Personnel** | City Codes | | | | |
| Regular | 11.01 | $1,623,044 | $1,626,750 | $1,666,817 | Added $7,384 for 4 staff career development and 2% for staff raises. |
| Overtime | 12.01 | $109,262 | $110,355 | $113,000 | Added 2% to 12.01 and added the part time salary for maintenance worker to 17.01. |
| Part-time | 17.01 | $14,280 | $14,280 | $44,566 | |
| FICA | 21.10 | $125,161 | $128,754 | $127,512 | |
| VRS-Employer | 22.20 | $190,030 | $156,198 | $160,014 | |
| VA Disability Ins. VRS Hybrid | 25.25 | $0 | $660 | $660 | **DRAFT COPY** |
| VRS Insurance-Employer | 24.20 | $19,036 | $21,315 | $21,835 | |
| Worker's Compensation | 27.20 | $21,022 | $23,150 | $20,526 | |
| Flex Benefits-Admin Fee | 28.50 | $865 | $840 | $1,260 | |
| Flex Benefits-Employee | 28.51 | $237,377 | $244,557 | $250,023 | |
| VRS-Health Ins Credit | 29.10 | $2,400 | $2,116 | $2,167 | |
| ***Total Personnel*** | | $2,342,477 | $2,328,975 | $2,408,380 | |
| | | | | | |
| **Contractual Services** | | | | | |
| Medical, Dental, & Hosp | 31.10 | $3,000 | $3,000 | $3,000 | |
| Accounting & Auditing | 31.20 | $4,223 | $5,000 | $5,000 | |
| Heatlh Services - (Dr) | 31.23 | $44,568 | $49,025 | $51,476 | Dr. Crovatin's service has increased. |
| Legal Services | 31.50 | $5,000 | $5,000 | $2,500 | Decreased since we have MOU with City. |
| Professional Services/Post D Prog | 31.70 | $10,000 | $10,000 | $10,000 | |
| On-site Training/Education | 31.77 | $500 | $500 | $1,000 | Increased slightly to provide quality training for staff. |
| Repairs & Maintenance | 33.10 | $12,500 | $25,000 | $27,000 | Increased slightly due to aging building and we have a maintenance person to do the work. |
| Vehicle Repairs & Maint | 33.15 | $1,500 | $1,500 | $500 | |
| Comp Hardware/Software | 33.25 | $14,700 | $14,700 | $14,700 | |
| Printing & Binding | 35.01 | $600 | $600 | $400 | |
| Local Media | 36.01 | $800 | $500 | $250 | |
| Overpopulation Charges | 38.35 | $26,770 | $26,770 | $15,000 | Significant decrease due to drop in population. |
| meals Other Purchased Services (Jail) | 39.05 | $144,000 | $144,000 | $110,000 | Backed out maintenance worker salary, decreased cost of meals due to lower population. |
| Refuse Service | 39.20 | $4,400 | $4,400 | $5,000 | |
| ***Total Contractual*** | | $245,791 | $289,995 | $245,826 | |
| Internal Services | | | | | |
| Equipment Fund Fuel | 42.03 | $2,000 | $2,000 | $1,000 | |
| Equipment Fund Parts | 42.04 | | | $1,500 | |
| ***Total Internal Services*** | | $2,000 | $2,000 | $2,500 | |

| | | | | |
|---|---|---|---|---|
| **Total Budget** | | **$2,758,778** | **$2,790,000** | **$2,825,956** |
| | | | | |
| **Less** | | **FY 16** | **FY 17** | **FY 17** |
| Block Grant | | $808,351 | $824,302 | $782,797 |
| Mental Health Grant | | $51,000 | $51,000 | $55,000 |
| USDA Food Services | | $18,000 | $18,000 | $18,000 |
| Interest Earnings | | $8,000 | $8,000 | $8,000 |
| State Ward | | | | |
| Commission Funds | | 11,000 | | |
| TOTAL Non Locality funds | | **$896,351** | **$901,302** | **$863,797** |
| | | | | |
| **Total Local Share** | | **$1,862,427** | **$1,888,698** | **$1,962,159** |
| | | | | |
| | **3yr FY15** | **3yr FY16** | **3yr FY17** | **3yr FY18** |
| **Winchester** | 15.18% | 21.03% | 24.62% | 26.14% |
| **Clarke** | 1.85% | 1.64% | 1.17% | 0.83% |
| **Page** | 18.86% | 15.35% | 14.20% | 12.40% |
| **Frederick** | 24.77% | 21.71% | 19.91% | 14.08% |
| **Shenandoah** | 23.48% | 23.05% | 24.06% | 24.97% |
| **Warren** | 15.87% | 17.23% | 16.04% | 21.59% |
| | | | | |
| **Local share** | | | | |
| **Winchester** | | $391,595 | $464,997 | $512,872 |
| **Clarke** | | $30,560 | $22,098 | $16,254 |
| **Page** | | $285,810 | $268,195 | $243,276 |
| **Frederick** | | $404,335 | $376,040 | $276,240 |
| **Shenandoah** | | $429,208 | $454,421 | $489,919 |
| **Warren** | | $320,920 | $302,947 | $423,598 |
| | | **$1,862,427** | **$1,888,698** | **$1,962,159** |

Only a projection from the Department of Juvenile Justice. Decreased from last year due to low ADP.

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| | FY18 3yr avg | Total days 11/13 - 11/16 |
|---|---|---|
| **Winchester** | 26.14% | 4700 |
| **Clarke** | 0.83% | 149 |
| **Page** | 12.40% | 2229 |
| **Frederick** | 14.08% | 2532 |
| **Shenandoah** | 24.97% | 4490 |
| **Warren** | 21.59% | 3883 |
| | 100.00% | 17983 |

BROWNEDWARDS
certified public accountants

## REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Commission Members
Northwestern Regional Juvenile Detention Center Commission
Winchester, Virginia

We have audited the financial statements of the governmental activities and the major fund of the Northwestern Regional Juvenile Detention Center Commission, collectively hereafter referred to as the "Commission," for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards,* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 20, 2016. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements are described below.

- The useful lives of capital assets are based on management's knowledge and judgment, which is based on history.
- The other post-employment benefits liability is based on an actuarial study provided by the City of Winchester's external actuarial firm.
- The net pension liability is based on an actuarial study provided by actuaries engaged by the Virginia Retirement System.

We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.


124 Newman Avenue • Harrisonburg, VA 22801-4004 • 540-434-6736 • Fax: 540-434-3097 • www.BEcpas.com

**Significant Audit Findings (Continued)**

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements include those related to capital assets, long-term debt, commitments and contingencies, other post-employment liabilities, risk management, and defined benefit pension plan. The financial statement disclosures are neutral, consistent and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has determined that the effect of the following uncorrected misstatement is immaterial to the financial statements taken as a whole.

Uncorrected Misstatement:

Decrease to current year pension expense of approximately $10,000 at the government-wide level, with a corresponding decrease to beginning net position for the over-accrual in the prior year of deferred outflows of resources for pension contributions subsequent to the measurement date.

*Disagreements with Management*

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 1, 2016, a copy of which is attached.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budget to actual schedule for the governmental fund and other required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory section, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Commission and management and is not intended to be, and should not be, used by anyone other than these specified parties.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 1, 2016

Attachment

N R J D C

**Northwestern Regional Juvenile Detention Center**
145 Fort Collier Road
Winchester, VA 22603
(540) 722-6174 fax (540) 722-6695

November 1, 2016

Brown Edwards & Company, L.L.P.
124 Newman Avenue
Harrisonburg, Virginia 22801

This representation letter is provided in connection with your audit of the financial statements of Northwestern Regional Juvenile Detention Center Commission, which comprise the respective financial position of the governmental activities and major fund as of June 30, 2016, and the respective changes in financial position and, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 1, 2016, the following representations made to you during your audit.

**Financial Statements**

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 20, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) The effect of the uncorrected misstatement is immaterial to the financial statements as a whole. This misstatement is as follows:

   a. Decreases to current year pension expense of approximately $10,000 on the government-wide level, with a corresponding decrease to beginning net position for the over-accrual in the prior year of deferred outflows of resources for pension contributions subsequent to the measurement date.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed.

11) We have provided the planning communication letter to all members of those charged with governance as requested.

**Information Provided**

12) We have provided you with:

   a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters [and all audit or relevant monitoring reports, if any, received from funding sources].

   b) Additional information that you have requested from us for the purpose of the audit.

   c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

   d) Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.

13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:

   - Management,

   - Employees who have significant roles in internal control,

- Service organizations used by the entity, or
- Others where the fraud could have a material effect on the financial statements

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

19) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

**Government—specific**

20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

22) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

24) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

25) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

26) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

27) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

28) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

29) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

30) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

31) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

32) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.

33) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

34) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

35) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

36) Provisions for uncollectible receivables have been properly identified and recorded.

37) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

38) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

39) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

40) Special and extraordinary items are appropriately classified and reported, if applicable.

41) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

42) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

43) Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.

44) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.

45) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board (GASBS) Statements that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.

46) We agree with the findings of specialists in evaluating the pension and OPEB liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

47) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

48) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

49) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

50) With respect to the supplementary information on which an in-relation-to opinion is issued.

   a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

   b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

51) Expenditures of federal awards were below the $750,000 threshold in the audit period, and we were not required to have an audit in accordance with OMB Circular A-133.

52) We reaffirm the representations made to you in our letter dated November 23, 2015 regarding your audit for the fiscal year ended June 30, 2015.

Signature: [signature]
Title: Superintendent

Signature: [signature]
Title: CFO / Director of Support Services

Signature: [signature]
Title: Financial Services Director

# NORTHWESTERN REGIONAL JUVENILE DETENTION CENTER COMMISSION

# FINANCIAL REPORT

# JUNE 30, 2016

**NORTHWESTERN REGIONAL JUVENILE DETENTION CENTER COMMISSION**

## TABLE OF CONTENTS

# INTRODUCTORY SECTION

## NORTHWESTERN REGIONAL JUVENILE DETENTION CENTER COMMISSION

## DIRECTORY OF PRINCIPAL OFFICIALS
**June 30, 2016**

### COMMISSION MEMBERS

| | |
|---|---|
| Mr. Larry T. Omps | Chair, City of Winchester |
| Sheriff Lenny Millholland | Regional Jail Board |
| Ms. Mary Blowe | Fiscal Agent |
| Mr. Jimmy Wyatt | Clarke County |
| Mr. Robert Williamson | Frederick County |
| Sheriff Chad Cubbage | Page County |
| Ms. Mary T. Price | Shenandoah County |
| Sheriff Daniel McEathron | Warren County |

### ALTERNATES

| | |
|---|---|
| Mayor Elizabeth Minor | City of Winchester |
| Ms. Eden Freeman | Fiscal Agent |
| Ms. Barbara Byrd | Clarke County |
| Mr. Brenda G. Garton | Frederick County |
| Major Phil Baker | Page County |
| Mr. Evan Vass | Shenandoah County |
| Captain Roger Vorous | Warren County |
| Major Steve Hawkins | Regional Jail Board |

### OFFICIALS

| | |
|---|---|
| Ms. Erin Maloney | Superintendent |
| Mr. Robert Graves | Assistant Superintendent |

# FINANCIAL SECTION

BROWN EDWARDS
certified public accountants

# INDEPENDENT AUDITOR'S REPORT

To Members of the Commission
Northwestern Regional Juvenile Detention Center Commission
Winchester, Virginia

We have audited the accompanying financial statements of the governmental activities and the major fund of the Northwestern Regional Juvenile Detention Center Commission (the "Commission") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 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.

**Auditor's Responsibility**

Our responsibility is to express opinions 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 of material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund, of the Northwestern Regional Juvenile Detention Center Commission as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.


*Your Success is Our Focus*
124 Newman Avenue • Harrisonburg, VA 22801-4004 • 540-434-6736 • Fax: 540-434-3097 • www.BEcpas.com

## Other Matters

*Required Supplementary Information*

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

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2016, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 1, 2016

# BASIC FINANCIAL STATEMENTS

EXHIBIT 1

**NORTHWESTERN REGIONAL JUVENILE DETENTION CENTER COMMISSION**

**STATEMENT OF NET POSITION**
**June 30, 2016**

| | | Governmental Activities |
|---|---|---|
| **ASSETS** | | |
| Cash on deposit with fiscal agent (Note 2) | $ | 960,043 |
| Accounts receivable | | 371,573 |
| Capital assets: (Note 3) | | |
| Depreciable, net | | 2,405,978 |
| Total assets | | 3,737,594 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension contributions subsequent to the measurement date (Note 5) | | 176,104 |
| **LIABILITIES** | | |
| Accounts payable | | 30,760 |
| Accrued payroll | | 121,830 |
| Noncurrent liabilities: | | |
| Net pension liability (Note 5) | | 689,488 |
| Due within one year (Note 4) | | 5,000 |
| Due in more than one year (Note 4) | | 347,382 |
| Total liabilities | | 1,194,460 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Pension related deferred inflows (Note 5) | | 263,710 |
| **NET POSITION** | | |
| Investment in capital assets | | 2,405,978 |
| Unrestricted | | 49,550 |
| Total net position | $ | 2,455,528 |

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT 2

## NORTHWESTERN REGIONAL JUVENILE DETENTION CENTER COMMISSION

## STATEMENT OF ACTIVITIES
**Year Ended June 30, 2016**

| Function | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Net Revenue (Expense) and Change in Net Position |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Public safety | $ 2,537,425 | $ 1,878,102 | $ 889,221 | $ 229,898 |
| General revenues: | | | | |
| Interest and investment income, unrestricted | | | | 5,498 |
| Total general revenues | | | | 5,498 |
| Change in net position | | | | 235,396 |
| **NET POSITION AT JULY 1** | | | | 2,220,132 |
| **NET POSITION AT JUNE 30** | | | | $ 2,455,528 |

The Notes to Financial Statements are an integral part of this statement.

**NORTHWESTERN REGIONAL JUVENILE DETENTION CENTER COMMISSION**

**BALANCE SHEET**
**GOVERNMENTAL FUND**
**June 30, 2016**

| | Operating Fund |
|---|---|
| **ASSETS** | |
| Cash on deposit with fiscal agent (Note 2) | $ 960,043 |
| Accounts receivable | 371,573 |
| Total assets | $ 1,331,616 |
| **LIABILITIES AND FUND BALANCE** | |
| Liabilities: | |
| Accounts payable | $ 30,760 |
| Accrued payroll | 121,830 |
| Total liabilities | 152,590 |
| Fund balance: | |
| Assigned for: | |
| Capital outlay | 279,000 |
| Other post-employment benefits (OPEB) | 141,518 |
| Unassigned | 758,508 |
| Total fund balance | 1,179,026 |
| Total liabilities and fund balance | $ 1,331,616 |
| **Adjustments for the Statement of Position:** | |
| **Total fund balance** | $ 1,179,026 |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. | 2,405,978 |
| Compensated absences and other post-employment benefits are not due and payable in the current period and therefore are not reported as fund liabilities. | (352,382) |
| Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds: | |
| Deferred outflows of resources for 2016 employer contributions | 176,104 |
| Pension related deferred inflows | (263,710) |
| Net pension liability | (689,488) |
| **Net position of governmental activities** | $ 2,455,528 |

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT 4

NORTHWESTERN REGIONAL JUVENILE
DETENTION CENTER COMMISSION

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
## GOVERNMENTAL FUND
## Year Ended June 30, 2016

| | | Operating Fund |
|---|---|---|
| **REVENUES** | | |
| Charges for services | $ | 1,878,102 |
| Intergovernmental | | 889,221 |
| Revenue from use of money and property | | 5,498 |
| Total revenues | | 2,772,821 |
| **EXPENDITURES** | | |
| Public safety | | 2,580,470 |
| Total expenditures | | 2,580,470 |
| Net change in fund balance | | 192,351 |
| **FUND BALANCE AT JULY 1** | | 986,675 |
| **FUND BALANCE AT JUNE 30** | $ | 1,179,026 |

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities:**

| | | |
|---|---|---|
| **Net change in fund balance - governmental fund** | $ | 192,351 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. | | (87,916) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| Change in compensated absences | | 3,407 |
| Change in other post-employment benefits | | (26,000) |
| Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. | | |
| Employer Pension Contributions | | 176,104 |
| Pension expense | | (22,550) |
| **Change in net position of governmental activities** | $ | 235,396 |

The Notes to Financial Statements are
an integral part of this statement.

## Note 1. Summary of Significant Accounting Policies

### A. Financial Reporting Entity

The Commission operates as an agent for the Counties of Clarke, Frederick, Page, Shenandoah, and Warren, and the City of Winchester in the establishment and operation of a regional juvenile detention center as provided by Article 13 of Title 16.1 of the *Code of Virginia*. The Commission's purpose is to provide a safe and secure setting that offers opportunities for success and personal growth. The Commission provides the temporary secure care and custody of children and adolescents who cannot be served in an open setting and are referred to the Commission by the appropriate authorities pending juvenile court disposition or placement. The Commission operates on a Board-administrator form of government. However, member jurisdictions do not have a financial interest in or responsibility to the Commission as defined by Governmental Accounting Standards Board (GASB) Statement No. 14. No participants have access to the Commission's resources or surpluses, nor is any participant liable for the Commission's debts or deficits. None of the member jurisdictions appoints a voting majority of the Board members.

Based on the above facts, the Commission is a jointly-governed organization of the member jurisdictions. The City of Winchester serves as the fiscal agent for the Commission.

### B. Government-Wide and Fund Financial Statements

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities that report information on all of the non-fiduciary activities of the Commission.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as *general revenues*.

### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(Continued)

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Governmental fund financial statements use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they become both measurable and available. For this purpose, the Commission considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Charges for services and intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of specific funding are recognized when earned or at the time of the specific reimbursable expenditure as long as it is available to pay current liabilities. Revenues from general-purpose grants are recognized in the period in which the grant applies. All other revenue items are considered to be measurable and available only when the Commission receives cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, expenditures related to compensated absences, other post-employment benefits, and claims and judgments are recorded only when payment is due.

The Commission reports the following major governmental fund:

**Operating Fund** – This is the Commission's primary operating fund. It accounts for all revenues and expenditures of the Commission. The Operating Fund is considered the only major fund for financial reporting purposes.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

**Cash on Deposit with Fiscal Agent**

Cash and cash equivalents include cash on hand, amounts in demand deposits, as well as short-term investments with a maturity date within three months of the date acquired.

**Accounts Receivable**

All accounts receivable are shown at gross. No allowance for uncollectible accounts is calculated due to historical collections not requiring write-offs of receivables.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)**

**Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined as items with an initial individual cost of more than $10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Buildings | 25-50 years |
| Land improvements | 10-65 years |
| Machinery and equipment | 5-30 years |

**Compensated Absences**

Commission employees earn vacation at a rate of eight to fourteen hours per month, depending on years of service. Sick leave is earned at the rate of one day per month. Benefits or pay is received for unused sick leave upon termination at 25% of its carrying value to a maximum of $5,000 per employee after five years of credited service. Accumulated vacation up to 42 days is paid upon termination. The accumulated vacation and compensatory time pay is accounted for as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund when the amounts have become due and payable.

**Estimates**

In preparing the financial statements, management uses estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues, expenditures, and expenses. Actual results could differ from those estimates.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)**

**Net Position/Fund Balance**

Net position in the government-wide financial statements is classified as net investment in capital assets; restricted; and unrestricted. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, laws, or regulations.

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

The classifications are as follows:

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

The Board establishes fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget.

**Restricted Amounts**

The Commission applies restricted resources first when either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when amounts in any of the unrestricted fund balance classifications could be used.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)**

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's Retirement Plan and the additions to/deductions from the Commission's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the 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.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statements which present financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has only one item that qualifies for reporting in this category, which consists of contributions subsequent to the measurement date for pensions; this will be applied to the net pension liability in the next fiscal year.

In addition to liabilities, the statements which present financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has two items that qualify for reporting in this category. The first item is the net difference between projected and actual earnings on pension plan investments. The second item represents differences between expected and actual experience in the pension plan. These differences will be recognized in pension expense over a closed five year period.

**Note 2. Cash on Deposit with Fiscal Agent**

**Deposits**

At year end, the carrying value of the Commission's deposits with fiscal agent, the City of Winchester, Virginia, was $960,043. As disclosed in the City of Winchester's Comprehensive Annual Financial Report as of June 30, 2016, all City deposits with banks and savings and loans were either covered by federal depository insurance or considered to be insured in accordance with Section 2.2-4400 *et. seq.* of the *Code of Virginia*, (the *"Code"*), and the Virginia Security for Public Deposits Act.

## Note 3. Capital Assets

Capital asset activity for the year was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, depreciable: | | | | |
| Buildings | $ 3,750,068 | $ - | $ - | $ 3,750,068 |
| Land improvements | 143,212 | - | - | 143,212 |
| Machinery and equipment | 199,780 | - | - | 199,780 |
| Capital assets, depreciable | 4,093,060 | - | - | 4,093,060 |
| Less accumulated depreciation for: | | | | |
| Buildings | (1,311,229) | (74,945) | - | (1,386,174) |
| Land improvements | (125,038) | (7,150) | - | (132,188) |
| Machinery and equipment | (162,899) | (5,821) | - | (168,720) |
| Total accumulated depreciation | (1,599,166) | (87,916) | - | (1,687,082) |
| Capital assets, depreciable, net | 2,493,894 | (87,916) | - | 2,405,978 |
| Capital assets, net | $ 2,493,894 | $ (87,916) | $ - | $ 2,405,978 |

## Note 4. Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Other post-employment benefits | $ 115,518 | $ 26,000 | $ - | $ 141,518 | $ - |
| Compensated absences | 214,271 | 1,593 | 5,000 | 210,864 | 5,000 |
| Total long-term liabilities | $ 329,789 | $ 27,593 | $ 5,000 | $ 352,382 | $ 5,000 |

## Note 5. Defined Benefit Pension Plan

### Plan Description

All full-time, salaried permanent employees of the Commission, (the "Political Subdivision") are automatically covered by VRS Retirement Plan upon employment. This plan 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. The *Code of Virginia*, as amended, assigns the authority to establish and amend benefit provisions to the Virginia General Assembly. The System issues a publicly available comprehensive annual financial report for VRS. A copy of that report may be downloaded from the VRS website at *http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf.*

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan is as follows:

**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. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

- **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible 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. 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.
- **Retirement Contributions** - Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
- **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.

**Note 5. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Plan 1 (Continued)**

- **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.
- **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
- **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** –The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.
- **Normal Retirement Age** – Age 65 or age 60 for hazardous duty employees.
- **Earliest Unreduced Retirement Eligibility** - Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service, for hazardous duty employees.
- **Earliest Reduced Retirement Eligibility** – Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. 50 with at least five years of creditable service for hazardous duty employees.
- **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.
- **Disability Coverage** for members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

**Note 5. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**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. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

- **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. 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.
- **Retirement Contributions** - Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016.
- **Creditable Service** - Same as Plan 1.
- **Vesting** - Same as Plan 1.
- **Calculating the Benefit** - See definition under Plan 1.
- **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** - 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, regional jail superintendents, and hazardous duty employees are same as Plan 1.
- **Normal Retirement Age** - Normal Social Security retirement age. Hazardous duty employees are the same as Plan 1.
- **Earliest Unreduced Retirement Eligibility** - Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty employees are the same as Plan 1.
- **Earliest Reduced Retirement Eligibility** - Age 60 with at least five years (60 months) of creditable service. Hazardous duty employees are the same as Plan 1.
- **Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.
- **Disability Coverage** – Same as Plan 1 except that the retirement multiplier is 1.65%.

**Note 5. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Hybrid Retirement Plan** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. 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. 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 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 through 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 and 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** - 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.
- **Creditable Service –**
  - **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service and is generally subject to the same terms as in Plans 1 and 2.
  - **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

**Note 5. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Hybrid Retirement Plan (Continued)**

- **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 Contributions 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. 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 -**
  - **Defined Benefit Component:** See definition under Plan 1.
  - **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 -** Same as Plan 2 for the defined benefit component of the plan.
- **Service Retirement Multiplier –** 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. This is not applicable to sheriffs, regional jail superintendents, or hazardous duty employees.
- **Normal Retirement Age –**
  - **Defined Benefit Component:** Same as Plan 2, however, not applicable for hazardous duty employees.
  - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Note 5. Defined Benefit Pension Plan (Continued)**

**Plan Description (Continued)**

**Hybrid Retirement Plan (Continued)**

- **Earliest Unreduced Retirement Eligibility –**
  - **Defined Benefit Component:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. This is not applicable to hazardous duty employees.
- **Earliest Unreduced Retirement Eligibility –**
  - **Defined Benefit Component:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. This is not applicable to hazardous duty employees.
  - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Cost-of-Living Adjustment (COLA) in Retirement**
  - **Defined Benefit Component:** Same as Plan 2.
- **Disability Coverage** - Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and 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** – As with Plans 1 and 2, members may choose to purchase prior service credits subject to the Plan provisions.

**Note 5. Defined Benefit Pension Plan (Continued)**

**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 5.00% 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.

The City's, and thus the Commission's, contractually required contribution rate was 11.90% of covered employee compensation for the years ended June 30, 2016 and 2015. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were $176,104 and $181,848 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

The Commission reported liabilities of $689,488 and $809,613 for its proportionate share of the Collective Net Pension Liability of the City Plan at June 30, 2016 and 2015, respectively. The Collective Net Pension Liability was measured as of June 30 of the preceding fiscal year and the total pension liability used to calculate the Collective Net Pension Liability was determined by an actuarial valuation as of that date. The Commission's proportion of the Collective Net Pension Liability was based on the Commission's actuarially determined employer contributions to the pension plan for the respective years relative to the total of the actuarially determined employer contributions for the City Plan's participating employers.

At June 30, 2016, the Commission's proportion was 6.15% as compared to 6.38% at June 30, 2015.

The Commission recognized pension expense of $61,637 and $96,113 for the years ended June 30, 2016 and 2015. There was a change in proportionate share between each year, however, the difference is insignificant and was reflected in current year pension expense.

**Note 5. Defined Benefit Pension Plan (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions Continued)**

At June 30, 2016, the 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 | $ - | $ 137,217 |
| Change in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 126,493 |
| Employer contributions subsequent to the measurement date | 176,104 | - |
| Total | $ 176,104 | $ 263,710 |

The $176,104 reported as deferred outflows of resources related to pensions resulting from the Commission's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | Reduction to Pension Expense |
|---|---|
| 2017 | $ (92,619) |
| 2018 | (92,619) |
| 2019 | (92,619) |
| 2020 | 14,147 |
| 2021 | - |
| Thereafter | - |

**Note 5. Defined Benefit Pension Plan (Continued)**

__Actuarial Assumptions__

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

| | |
|---|---|
| Inflation | 2.50% |
| General Employees - Salary increases, including inflation | 3.50 – 5.35% |
| Public Safety Employees - Salary increases, including inflation | 3.50 – 4.75% |
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |

Mortality rates: General employees - 14% of deaths are assumed to be service related. Public Safety Employees – 60% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2000 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

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

General Employees - Largest 10 – Non-LEOS and all Others (Non 10 Largest): Update mortality table; decrease in rates of service retirement; decrease in rates of disability retirement; and reduce rates of salary increase by 0.25% per year.

Public Safety Employees - Largest 10 – Non-LEOS and all Others (Non 10 Largest): Update mortality table; adjustment to rates of service retirement for females (Non 10 Largest); decrease in rates of male disability (Largest 10, only); decrease in male and female rates of disability (Non 10 Largest) increase in rates of withdrawal, and reduce rates of salary increase by 0.25% per year.

**Note 5. Defined Benefit 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 |
|---|---|---|---|
| U.S. Equity | 19.50 % | 6.46 % | 1.26 % |
| Developed Non U.S. Equity | 16.50 % | 6.28 % | 1.04 % |
| Emerging Market Equity | 6.00 % | 10.00 % | 0.60 % |
| Fixed Income | 15.00 % | 0.09 % | 0.01 % |
| Emerging Debt | 3.00 % | 3.51 % | 0.11 % |
| Rate Sensitive Credit | 4.50 % | 3.51 % | 0.16 % |
| Non Rate Sensitive Credit | 4.50 % | 5.00 % | 0.23 % |
| Convertibles | 3.00 % | 4.81 % | 0.14 % |
| Public Real Estate | 2.25 % | 6.12 % | 0.14 % |
| Private Real Estate | 12.75 % | 7.10 % | 0.91 % |
| Private Equity | 12.00 % | 10.41 % | 1.25 % |
| Cash | 1.00 % | (1.50)% | (0.02)% |
| Total | 100.00 % | | 5.83 % |
| | | Inflation | 2.50 % |
| | | Expected arithmetic nominal return | 8.33 % |

**Note 5. Defined Benefit Pension Plan (Continued)**

**Discount Rate**

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

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

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

| | 1.00% Decrease (6.00%) | Current Discount Rate (7.00%) | 1.00% Increase (8.00%) |
|---|---|---|---|
| Political subdivision's net pension liability | $ 1,493,347 | $ 689,488 | $ 29,309 |

**Pension Plan Fiduciary Net Position**

Detailed information about the City's Fiduciary Net Position in the VRS plan is available in the separately issued City's 2016 Comprehensive Annual Financial Report (CAFR).

**Note 6. Risk Management**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; workers' compensation claims; and natural disasters. The Commission participates with other government entities in a public entity risk pool for coverage of liability, building, property, and auto insurance through the Virginia Local Government Risk Management Plan (VARISK2). The Commission pays an annual premium to VARISK2 for its public officials general liability insurance coverage. The agreement for formation of the VARISK2 provides that VARISK2 will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $1 million for each insured event.

**Note 6. Risk Management (Continued)**

Through its fiscal agent, the Commission maintains worker's compensation, employer's liability, and general liability and commercial automotive insurance coverage. A description of the City of Winchester's risk management is as follows:

Through the Virginia Municipal League, the City has joined together with other Virginia public bodies in the Virginia Municipal League Insurance Programs pools currently operating as common risk management and insurance programs for members in Virginia. The City pays an annual premium to VML Insurance Programs for its workers' compensation and employer's liability, general liability, excess property, crime, and automobile coverage. The agreement for formation of the VML Insurance Programs Pool provides that it will be self-sustaining through member premiums. Workers' compensation coverage provides the benefits as set forth in the Virginia Workers' Compensation Act. VML Insurance Programs will reinsure through commercial insurance companies for claims in excess of $5 million for general liability, and $5 million for automotive liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Commission carries commercial insurance for all other risks of loss, including property, commercial crime and fidelity, and employees health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage and there have not been any significant reductions in coverages in any of the past three years.

**Note 7. Other Post-Employment Benefits**

The Governmental Accounting Standards Board establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expense and related liabilities in the financial statements. The cost of post-employment healthcare benefits are associated with the periods in which the cost occurs, rather than in the future years when it will be paid.

Plan description:

Commission employees participate in the City of Winchester's (the "City") retiree healthcare plan. The City administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The plan provides healthcare insurance for eligible retirees and coverage ceases at age 65. Retirees can continue the same medical coverage they had (including dependent coverage) as active employees. The plan was established under the authority of the City of Winchester's Council.

Funding policy:

The Commission pays a certain dollar amount for the retiree, which covers the entire cost of the plan. The retiree pays 100% for the dependent coverage. Employees must meet the unreduced retirement eligibility as described in the pension plan to be eligible for post-retirement health coverage.

## Note 7. Other Post-Employment Benefits (Continued)

Annual OPEB cost and net OPEB obligation:

The annual cost of other post-employment benefits (OPEB) is called the annual required contribution or ARC. The estimated "pay as you go" cost for OPEB benefits for the Commission is $26,000 for fiscal year 2016.

The Commission has elected not to pre-fund OPEB liabilities. The Commission is required to contribute to the ARC, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligation.

| | | |
|---|---|---|
| Annual required contribution | $ | 26,000 |
| Interest on net OPEB obligation | | 3,000 |
| Adjustment to annual required contribution | | (3,000) |
| Annual OPEB cost | | 26,000 |
| Contributions made | | - |
| Increase in net OPEB obligation | | 26,000 |
| Net OPEB obligation – beginning of year | | 115,518 |
| Net OPEB obligation – end of year | $ | 141,518 |

Trend Information:

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

| Fiscal Year Ending | | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | | Net OPEB Obligation |
|---|---|---|---|---|---|
| June 30, 2016 | $ | 26,000 | 0.0% | $ | 141,518 |
| June 30, 2015 | $ | 25,000 | 0.0% | $ | 115,518 |
| June 30, 2014 | $ | 23,000 | 0.0% | $ | 90,518 |

For additional information on the funded status and funding progress as well as actuarial methods and assumptions, refer to the June 30, 2016 Comprehensive Annual Financial Report for the City of Winchester.

**Note 8. New Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

**GASB Statement No. 74,** ***Financial Reporting for Postemployment Benefit Plans Other than Pensions*** improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2017.

**GASB Statement No. 75,** ***Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*** improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2018.

**GASB Statement No. 77,** ***Tax Abatement Disclosures***, requires governments to disclose information about the nature and magnitude of tax abatements granted to a specific taxpayer, typically for the purpose of economic development. This does not cover programs that reduce the tax liabilities of broad classes of taxpayers, such as senior citizens or veterans, and which are not the product of individual agreements with each taxpayer. The Statement does not consider issues related to recognition. This Statement will be effective for the year ending June 30, 2017.

(Continued)

**Note 8. New Accounting Standards (Continued)**

**GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*** addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement will be effective for the year ending June 30, 2017.

**GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*** establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. This Statement will be effective for the year ending June 30, 2017.

**GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*** clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement will be effective for the year ending June 30, 2017.

**Note 8. New Accounting Standards (Continued)**

**GASB Statement No. 81,** ***Irrevocable Split-Interest Agreements*** provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement will be effective for the year ending June 30, 2018.

**GASB Statement No. 82,** ***Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*** addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement will be effective for the year ending June 30, 2017, except for certain provisions regarding assumptions for plans with a measurement date that differs from the employer's reporting date – those provisions are effective for the year ending June 30, 2018.

Management has not yet evaluated the effects, if any, of adopting these standards.

# REQUIRED SUPPLEMENTARY INFORMATION

# NORTHWESTERN REGIONAL JUVENILE DETENTION CENTER COMMISSION

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL GOVERNMENTAL FUND
## Year Ended June 30, 2016

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **REVENUES** | | | | |
| Charges for services: | | | | |
| Shenandoah County | $ 429,208 | $ 429,208 | $ 429,208 | $ - |
| Frederick County | 404,335 | 404,335 | 404,335 | - |
| City of Winchester | 391,595 | 391,595 | 391,595 | - |
| Warren County | 320,920 | 320,920 | 320,920 | - |
| Page County | 285,810 | 285,810 | 285,810 | - |
| Clarke County | 30,560 | 30,560 | 30,560 | - |
| Child Care Days | - | - | 15,674 | 15,674 |
| Intergovernmental - Revenue from the Commonwealth - Categorical Aid: | | | | |
| Block Grant | 808,351 | 808,351 | 815,509 | 7,158 |
| Other | 51,000 | 51,000 | 55,000 | 4,000 |
| Intergovernmental - Revenue from the Federal Government - Categorical Aid: | | | | |
| USDA Food Services | 18,000 | 18,000 | 18,712 | 712 |
| Revenue from use of money and property | 8,000 | 8,000 | 5,498 | (2,502) |
| Total revenues | 2,747,779 | 2,747,779 | 2,772,821 | 25,042 |
| **EXPENDITURES** | | | | |
| Public safety: | | | | |
| Juvenile Detention Center | 2,786,000 | 2,786,000 | 2,580,470 | 205,530 |
| Total expenditures | 2,786,000 | 2,786,000 | 2,580,470 | 205,530 |
| Net change in fund balance | $ (38,221) | $ (38,221) | $ 192,351 | $ 230,572 |

EXHIBIT 6

## NORTHWESTERN REGIONAL JUVENILE DETENTION CENTER COMMISSION

## SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
### June 30, 2016

| Year Ended June 30 | Employer's Proportion of the Net Pension Liability (Asset) | Employer's Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 2016 | 6.15% | $ 689,488 | $ 1,522,830 | 45.28% | 88.00% |
| 2015 | 6.38% | 809,613 | 1,440,005 | 56.22% | 86.00% |

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no other data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the measurement period, which is the twelve months prior to the Commission's fiscal year.

EXHIBIT 7

# NORTHWESTERN REGIONAL JUVENILE DETENTION CENTER COMMISSION

## SCHEDULE OF PENSION CONTRIBUTIONS
## June 30, 2016

| Year Ended June 30 | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Covered Employee Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2016 | $ 176,104 | $ 176,104 | $ - | $ 1,577,154 | 11.17% |
| 2015 | 181,848 | 181,848 | - | 1,522,830 | 11.94% |

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no other data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the Commission's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

# NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
**June 30, 2016**

## Note 1. Changes of Benefit Terms

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

## Note 2. Changes of Assumptions

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Teacher cost-sharing pool
- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

# COMPLIANCE SECTION

BROWNEDWARDS
certified public accountants

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

To Members of the Commission
Northwestern Regional Juvenile Detention Center Commission
Winchester, Virginia

We have audited, 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, the financial statements of the governmental activities, and the major fund of the Northwestern Regional Juvenile Detention Center Commission, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 1, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Commission's internal control. 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.

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.

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


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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
November 1, 2016

**NORTHWESTERN REGIONAL JUVENILE DETENTION CENTER COMMISSION**

**SUMMARY OF COMPLIANCE MATTERS**
**June 30, 2016**

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

**STATE COMPLIANCE MATTERS**

*Code of Virginia:*

Cash and Investment Laws
Conflicts of Interest Act
Debt Provisions
Local Retirement Systems
Procurement Laws
Uniform Disposition of Unclaimed Property Act